

Clinton Seems Sold on Fast-Computer Exports

By Stephen Engelberg
New York Times Service

WASHINGTON — President Bill Clinton is preparing to relax restrictions on the export of high-performance computers, handing a long-sought victory to the technology companies whose executives were among the most ardent supporters of his 1992 campaign.

Opponents of the move, including some on Capitol Hill and inside the administration, say they fear that the powerful U.S.-made computers will be diverted to military uses, including the design of missiles or nuclear weapons.

[The White House spokesman, Michael McCurry, said Monday that "there has been an interagency review

of export controls on higher speed computers," Reuters reported from Washington.

[Asked if Mr. Clinton would change the current policy, Mr. McCurry replied, "He will ease it but how you ease it" has not been decided. He said the administration "would like to try to liberalize those controls so that U.S. manufacturers can participate more aggressively in the international market."

[He added that "the president has not signed off on any final decision about the threshold" that would be set.]

Administration officials who support the proposal say it recognizes a technological reality: Computer manufacturers are turning out vastly more powerful machines every year.

What the administration defined two years ago as a

supercomputer requiring government approval for sale abroad is today a widely available desktop computer used by businesses from banks to movie animators.

The change in policy, administration officials said, would help U.S. manufacturers sell billions of dollars' worth of powerful computers to civilian customers in China, Russia, Israel, Pakistan and India.

They said exports to military customers in those countries would remain under tighter controls.

"If you try to control the uncontrollable, it's not tough and pious," one senior official said. "It's feckless and wasteful of government resources. We'd like to target our resources to where we think we could make a difference."

But Gary Milhollin, director of the Wisconsin Project

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Asia-Pacific Outrage After 2d Nuclear Test

France Vows To Complete Blast Schedule

By William Drozdiak
Washington Post Service

PARIS — France rebuffed a fresh wave of global criticism Monday after the second in its current series of nuclear weapons tests and vowed to press ahead with modernizing a nuclear deterrent that President Jacques Chirac says could protect other European Union nations.

The blast detonated at a South Pacific atoll Monday in defiance of world protests was apparently intended to verify a new warhead for France's next generation of missile-firing submarines.

Prime Minister Alain Juppé, displaying stoicism in the face of condemnations from around the world, insisted that the program of six to eight tests before next May would be completed without interruption.

"We are continuing our testing campaign in the conditions and within the limits set by the president of the republic," he said.

Mr. Juppé refused to describe the purpose of the test, but defense officials said it involved the detonation of a new TN-75 warhead that will be carried aboard four modern submarines that will enter service in 1997. Each submarine will be fitted with 16 missiles, each of which can carry six warheads that are capable of hitting targets more than 3,000 miles (4,850 kilometers) away.

The new submarine fleet will form the backbone of the future French nuclear deterrent as the country disposes of its small land-based nuclear missiles based on the Albion plateau in southeast France and decides what to do about its small number of strategic bomber aircraft. France's nuclear force now consists of about 400 warheads on its submarines, with about 100 more designated for aircraft and land-based missiles.

France embarked on the series of tests with a Hiroshima-sized blast in early September that was described as the first of several firings to guarantee the reliability of its nuclear deterrent force before France signs a comprehensive test-ban treaty next year.

At the time, Mr. Chirac announced that France needed to conduct six to eight tests to ensure the safety of a new warhead and its detonator, as well as to develop the capacity to simulate future tests with computer and laser technology.

The French leader has engaged in repeated attempts to muffle global outrage over his decision to break a three-year moratorium, all to no avail.

He encouraged scientists throughout the world to visit the South Pacific testing grounds to see for themselves that the nuclear blasts have not caused structural or radioactive damage to the environment.

Mr. Chirac has dangled the possibility of reducing the number of tests and concluding them well before the deadline he initially set of next May. Then he disavowed any future microblasts that some nuclear specialists said would be necessary

Leaders Plan Alliance to Isolate Paris

By Michael Richardson
International Herald Tribune

SINGAPORE — Asian and Pacific nations condemned a second French nuclear weapon test in the region on Monday that was more than five times as powerful as the first in the new series, and they warned that they would step up diplomatic efforts to embarrass and isolate the government of President Jacques Chirac.

Australian and Asian officials said that the latest test, on Fangataufa Atoll in the South Pacific, would help rally widespread international support in the United Nations for a resolution later this month calling for an immediate halt to nuclear testing.

They said that Asia-Pacific countries were also holding meetings at the United Nations in New York with Latin American states to form a trans-Pacific alliance opposed to testing.

France and China are the only declared nuclear powers still carrying out underground tests. The United States, Russia and Britain are observing a moratorium.

Japan, Australia and New Zealand summoned French ambassadors to protest Monday's test.

Nearly all Asian and Pacific countries, except China, oppose the French tests because they believe they could encourage non-nuclear states in the region and elsewhere to attempt to acquire nuclear weapons, undermining global disarmament efforts.

There is also concern that the nuclear blasts could fracture the atoll test sites, causing long-lasting damage to the environment and human health in the region.

Yoshi Kono, the foreign minister of Japan, told Ambassador Jean-Bernard Ouvreu he "strongly regretted" that the French government did "not understand Japan's consistent position on this matter," and demanded that France end the tests.

"Japan cannot accept nuclear testing, which shows that the nuclear powers remain far removed from the opinions of the non-nuclear states," Mr. Kono said.

Mr. Ouvreu responded by saying that the tests were environmentally safe and designed to prepare for a future worldwide ban on the physical testing of all nuclear explosive devices, Reuters reported from Tokyo.

Seeking to play down the size of the blast and concerns about its political and environmental impact, the Defense Ministry in Paris said that the test at Fangataufa Atoll in French Polynesia was the equivalent of less than 110,000 tons of TNT.

The first blast, on Sept. 5 at nearby Mururoa Atoll, the main French test site, was far smaller, under 20,000 tons of TNT.

But it was still about as powerful as the atomic bomb dropped on Hiroshima by the United States at the end of World War II.

Warwick Smith, a spokesman for New Zealand's Institute of Geological and Nuclear Sciences in Wellington, said the blast Monday was equivalent to an earthquake

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Barban Dzibek/The Associated Press

TURKISH QUAKE — A boy waiting Monday for help to look for relatives believed buried in debris after the city of Dinar was hit, killing 63 people. Page 5.

Macao Gambles on a Smooth Transition to Chinese Rule

By Keith B. Richburg
Washington Post Service

MACAO — Often forgotten, much neglected and long derided as a sleepy, seedy outpost of hookers, high rollers and general lowlifes, this tiny Portuguese-run enclave on the Chinese coast is accustomed to living in the shadow of larger, more prosperous Hong Kong next door.

Like Hong Kong, Macao is to revert to Chinese control, but in 1999, two years after the British colony. And as usual, the world's attention has focused on Hong Kong, where many people fear being ruled by the Communist government in Beijing and where the British and Chinese have wrangled over how the colony will be

governed. But people here are showing that they can approach the turnover with far less fear and uncertainty and with little political rancor — so little, in fact, that many are quietly boasting of a "Macao model" for a smooth transition that noisy Hong Kong should try to emulate.

"We have to work on a different basis," said João Mira Gomes, diplomatic adviser to the governor of Macao. "Macao is much smaller than Hong Kong, and Portugal is much smaller than Britain. You always have to seek compromise in your presence in Macao."

The Portuguese government has "a very correct attitude with regard to Macao," said Edmund Ho, a prominent local banker close to China who is vice president of

Macao's legislative assembly. "They tried their best to cooperate. The spirit of cooperation is there."

What is easing the transition is that many of Macao's residents have reason to be more sanguine about the coming of Chinese rule. Unlike the 3 million Hong Kong Chinese who have been spurned in their request for British citizenship, some 105,000 Macanese, more than a fifth of the population in this seven-square-mile former trading outpost, were given Portuguese passports with full rights to live in Portugal or anywhere in the European Community if things should turn sour here after the 1999 transfer.

"I got a passport, and many of my friends got it," said

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IRA and London Near a Compromise on Arms

By James F. Clarity
New York Times Service

DUBLIN — Ranking Irish and British officials say that they are close to resolving the dispute that has blocked the Northern Ireland peace effort for months and that the prospect is now for a settlement of the issue of disarmament of the Irish Republican Army and the scheduling of full-fledged peace talks.

The peace effort has been blocked by Britain's insistence that the IRA start dis-

arming before full-fledged talks can begin, and the IRA's refusal to begin disarming, or even to discuss disarmament, until Britain sets the date for talks that would include Sinn Féin, the IRA's political wing.

The progress toward resolution of the dispute, officials note, follows a month of public polemic and quiet negotiation after a summit meeting between the British and Irish prime ministers was postponed, leaving the peace effort in confusion.

"Inexorably, we're moving toward an all-inclusive dialogue," said Prime Minis-

ter John Bruton of Ireland after meeting in Dublin on Monday with David Trimble, the new head of the mainstream Ulster Unionist Party, the largest Protestant political group in the North.

Mr. Trimble did not repeat the British demand that the IRA turn in its weapons before the start of talks. He took a softer line, saying that the paramilitaries must "establish their commitment to exclusively peaceful methods" before entering full-fledged talks. For this, he said, there had to

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Busting a Taboo in Zambia Women Take Charge in a Dry Town

By Lynne Duke
Washington Post Service

KABANANA TOWNSHIP, Zambia — It is not that Julia Malembeka thinks men could not solve the water crisis here on the northern outskirts of Lusaka. They just didn't.

So she did. Actually, Mrs. Malembeka and about 100 other women did it together, for they, as women of Africa, have traditionally had the responsibility of finding water for their families: collecting it in pails and jugs from a far-off stream, carrying it on their heads when no transport was available and making the always long walk home, where the water would quickly be used for cooking, drinking, washing and cleaning, and the whole process would have to start all over.

"This water sometimes could be dirty water, but any water was better than

none," she said in a cheery voice that makes even dirty water sound pleasant.

Collecting water long has been women's work, and now thanks to the Kabanana Site and Service Women's Club, drilling for water in this community of 8,000 is women's work too, as well as financing it, distributing it and, for now, controlling it.

Water often is a scarce resource in the arid regions of the continent, where the absence of adequate rainfall season after season has left drought across southern Africa.

Mrs. Malembeka, 43, a mother, wife and secretary, never imagined she'd someday know so much about water pressure, water tanks, groundwater and bore holes. But when her club decided to take up water as a problem to solve, the material on development that continually reached her desk at Unicef, where she has worked for 18

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Greg C. Caster/Kansas

BASEBALL'S WINNERS — Colorado Rockies pitcher Curtis Leskanen leaping for joy after his team clinched the National League wild-card berth. In the American League, the California Angels and Seattle Mariners tied in the Western Division and met in a one-game playoff Monday night. Page 27.

AGENDA

NATO Chief Hints At a Bosnia Pact

WASHINGTON (Reuters) — NATO's secretary-general came away from a meeting Monday with President Bill Clinton saying he believed that a Bosnia peace pact was in the offing and that a robust, NATO-led force would be needed to police it.

The official, Willy Claes, said he and Mr. Clinton had also discussed the expansion of NATO and reiterated that Russia should not be worried about any prospective eastward spread of the alliance.

U.S. officials said that following the agreement on the constitutional structure of a reconstructed Bosnia last week, a U.S. peace envoy, Richard C. Holbrooke, and the parties were working on a map that would reflect new ethnic divisions in the former Yugoslav region.

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THE AMERICAS

Black View of Simpson Case Shaped by Hard Experience

By Don Terry
New York Times Service

CHICAGO — Salim Muwakkil, a black Chicago writer, paused to recall a defining moment when he was a little boy in New York's Harlem. A police officer, he said, grabbed his 10-year-old cousin by the neck and dragged him down the street because he was hanging out in front of a store.

"Mister policeman, why are you doing that?" Mr. Muwakkil, who was 8 years old, asked the officer.

"Shut up, nigger!" the officer hissed, slapping him across the face and scarring his lip.

"That was my first encounter with the police, and it was one of the defining experiences of my life," Mr. Muwakkil said. "I brandished that scar like a medal of honor. It was the way the police treated us. But I remember the vitriol in his voice more than the pain. Most black men have similar tales."

Now, 40 years later, Mr. Muwakkil says that the memory of that slap and curse help him understand why so many blacks here and across the country tell pollsters that O. J. Simpson should be acquitted.

Many black people, he said, simply do not trust the police or the criminal justice system. For them, the police do not serve and protect their neighborhoods; they scare and scar.

Judging from a score of interviews Sunday with black people — doctors, grocery

store clerks, retired administrators, artists, teachers and others — on the streets of Mr. Muwakkil's middle-class neighborhood, in the integrated Hyde Park section of Chicago's South Side, the mistrust runs deep and fast across class lines.

Almost everyone interviewed said that Mr. Simpson should be acquitted, either because they believe that he is innocent or because they think that the prosecutors had failed to prove their case.

"It's not O. J. himself that people are responding to," Mr. Muwakkil said. "It's the structure of the system that has people upset. My buddies and I regularly joke about getting tickets for driving while black."

But no one is laughing as the jury in Mr. Simpson's double-murder trial began its first full day of deliberations Monday and the Los Angeles Police Department braced for trouble.

"I think he's being framed," said Cynthia Webb, a chef at a hospital here, as she hurried to church. "It's all about race."

Down the street, Nathaniel Blackman, 35, who works in the marketing department of a local gas company, and his wife, Pamela, a 32-year-old homemaker, were unfolding their baby's stroller.

The Blackmans said Mr. Simpson should go free because, they said, the prosecutors had failed to prove that he had committed the brutal and bloody murders and because of the chilling tape-recorded words of a retired Los Angeles police detective, Mark Fuhrman.

"Before the tapes came out," Mrs. Blackman said, "the prosecutors said Fuhrman wasn't a racist, and they tried to play that all down."

"Then the tapes came out, and they said that he was a racist. It has not looked good at all."

Mrs. Blackman said Mr. Simpson could be guilty and, if he is, he should be convicted. But she said the case had been badly tainted by the conduct of the police.

"To tell you the truth," she said, "I don't think O. J. ever got a fair trial, and that's a crime."



STRIKE VIOLENCE IN DETROIT — A car burning at a distribution center of the Detroit Newspapers. The debris in foreground was placed by striking workers and supporters to impede delivery trucks. Earlier, police in riot gear fought union members and arrested several of them.

Trial Effect Minimal On Public Attitudes

By Janet Elder
New York Times Service

NEW YORK — A poll taken just at end of the O. J. Simpson trial showed that the yearlong proceeding left public opinion as polarized along racial lines as it was at the outset, not only on the specifics of the case, but also on issues concerning the criminal justice system.

In a recent CBS News poll, 64 percent of whites who were questioned said Mr. Simpson was probably guilty of the crimes with which he is charged while 11 percent said he was probably not guilty. Among blacks, 12 percent said he was probably guilty and 59 percent said probably not.

The trial has had little effect on public perception of Mr. Simpson's guilt or innocence. In a Gallup poll in July 1994, 62 percent of the adults surveyed said the charges against Mr. Simpson were probably true and 21 percent said they were probably not true. In the recent CBS poll, 57 percent of those surveyed said Mr. Simpson was probably guilty and 18 percent said probably not.

Asked whether or not Mr. Simpson had received a fair trial, 74 percent of whites responding said he had and 13 percent said he had not. Black respondents were more closely divided, with 45 percent saying that the trial had been fair and 40 percent saying it had not been.

When asked about their confidence in the criminal justice system, 71 percent of whites and 52 percent of blacks said they had "a great deal" or "some confidence" that "the system usually makes the right decisions."

Blacks in particular had less confidence in the police. In a CBS News poll last month, 65 percent of whites said they had a great deal or a lot of confidence in their local police. Only 37 percent of blacks expressed such high levels of confidence.

POLITICAL NOTES

Dole Slips in 2 States

WASHINGTON — The position of Bob Dole, the Senate majority leader, as Republican presidential front-runner is looking a little shaky as voters slip into the "undecided" column and flirt with retired General Colin L. Powell.

Mr. Dole's once huge lead in public opinion polls is shrinking, especially in Iowa and New Hampshire, the two states that next February will stage the first presidential-preference votes of the 1996 race.

In New Hampshire, a Concord Monitor poll last week found Mr. Dole slightly behind General Powell, who is promoting his memoirs on a nationwide book tour. General Powell was seen gaining 22 percent of Republican votes, while Mr. Dole had 21 percent.

Even without General Powell in the race, Mr. Dole's support among Republican-leaning voters was down to 32 percent, a drop of 18 points in six weeks. General Powell has said he will decide whether or to run as a Republican by the end of next month.

In Iowa, Dole's support shows similar slippage. (Reuters)

Perot in California

SANTA MONICA, California — Joyce Deshler was strolling down this seaside city's sunny Third Street Promenade when she spotted Lee Pepper

hawking Ross Perot's new political party.

"All right, sign up!" chanted Mr. Pepper, one of the Perot faithful since the billionaire Texan's strong presidential run in 1992. "Right here! Right now!"

Ms. Deshler, a Los Angeles psychologist, reached for the pen and signed. "I've had it with the other parties, just like just about everybody I know," she said. "The country's in deep, deep trouble and neither the Democrats or the Republicans are doing a thing. Let's try a third way, nominate somebody who can win and get action — Colin Powell, Ross, whoever, whatever, just so we clean up this mess."

All over California, the sign-up scene on the Third Street Promenade was being repeated hundreds and thousands of times as the Perot forces, reaching out to the growing numbers of the nation's politically disenchanted, began tackling the huge task of creating a new party.

From San Diego to Sacramento, hundreds of Perot volunteers — and Mr. Perot himself — have spread out to get the thousands of signatures required to put the new group officially into existence and on the 1996 presidential ballot.

Nationally, the party will be called the Independence Party. But in some states, like California, that name has already been claimed by other organizations, so it will be known as the Reform Party.

California is the first state to be organized — and not just because it is the

most important in size and political muscle. California's petitioning process is the most difficult, requiring the most signatures and having the earliest completion deadline — Oct. 24. (NYT)

Lobby Law Postponed

WASHINGTON — The House majority leader, Representative Dick Armey of Texas, says the Republican leadership has decided to postpone an attempt to draft lobbying legislation until next year.

"We don't want to do something that looks like a band-aid approach on that," Mr. Armey told NBC News. "So I cannot give you a timetable. I still am hopeful and optimistic we can do something next year."

The Republican leadership is under pressure from its 73 freshmen as well as some senior members and Democrats to adopt campaign finance legislation and a ban on campaign gifts this year. (NYT)

Quote / Unquote

Newt Gingrich, the House speaker, saying he would like to see Sam Nunn stay in the U.S. Senate, but as a Republican: "If he were willing to switch parties, I think he would win re-election easily, and I think he would make a major contribution to the future of this country. I think he is in a very difficult position. But I think there is no realistic future for him in the Democratic Party." (AP)

Away From Politics

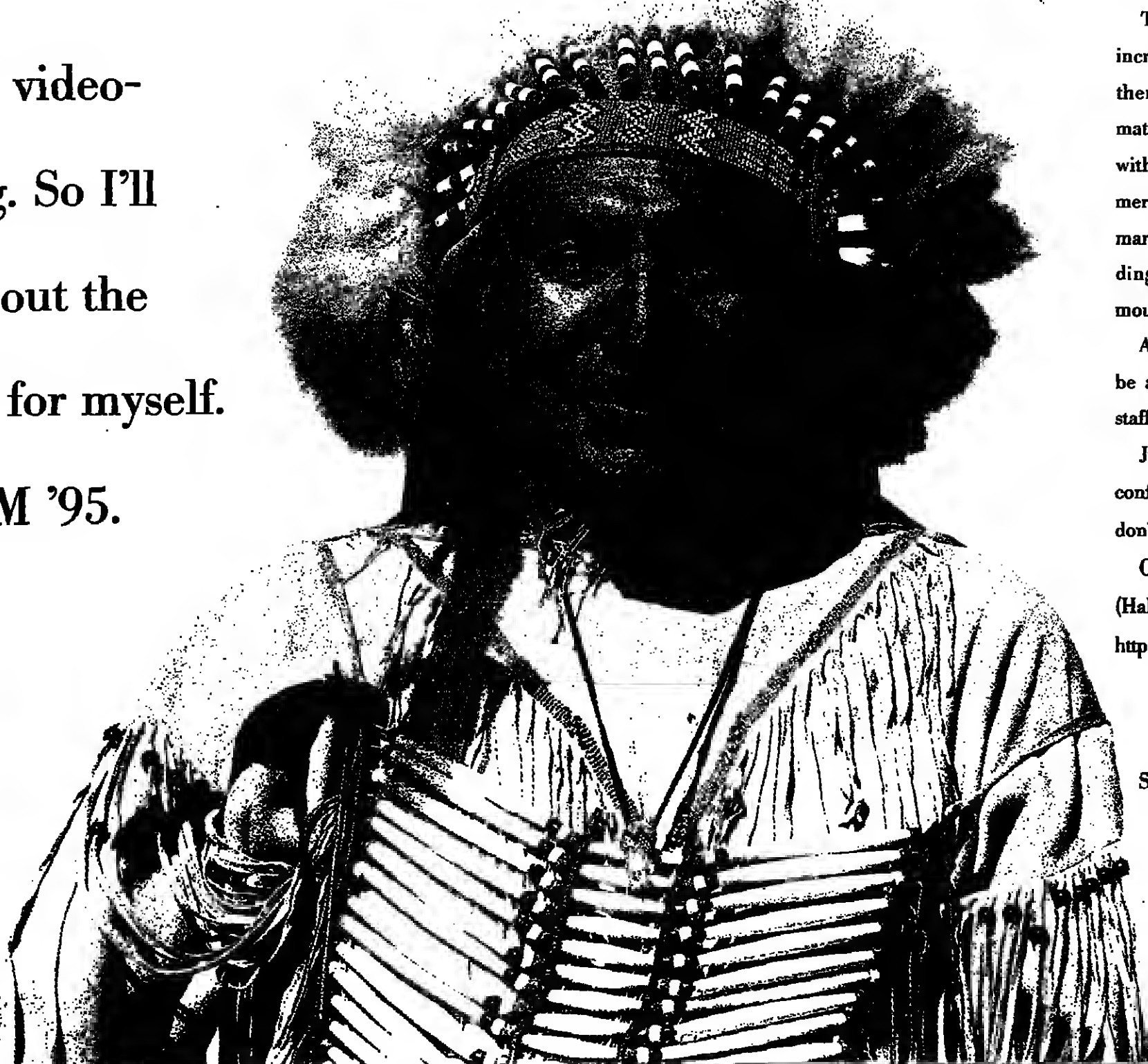
• The Supreme Court opened its 1995-96 term by rejecting a sweeping challenge to a federal law that makes it a crime to block people from entering abortion clinics. The justices, without comment, let stand rulings that said the law does not infringe on freedom of expression or religion. (AP)

• John Billmeyer, 65, a former executive of the American Hooda Motor Co., has been sentenced to five years in prison on charges that he took millions of dollars in kickbacks from dealers and businessmen who wanted preferential treatment when the cars were in hot demand and short supply from 1979 to 1992. The scheme is thought to have been the largest in the United States. (AP)

• Hurricane Opal was twisting slowly through the Gulf of Mexico, confounding forecasters who had expected the storm to turn north. (Reuters)

• Robert Overacker, 39, of Camarillo, California, a daredevil trying to ride over Niagara Falls on a jet ski, plunged to his death when his parachute failed to open, the Niagara Falls Park police said. (Reuters)

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ASIA

Lawmakers Allege Flaw In Korean Reactors

Agence France-Press

SEOUL — Opposition South Korean legislators on Monday accused the company chosen to supply nuclear reactors to the North of using substandard cement that had caused dangerous cracks in its power plants here.

"A total of 199 cracks were found in the concrete structure of nuclear power plants in Ulsan and Wolsong," a lawmaker, Shin Ki Ha, said during a parliamentary session. The two plants have five reactors.

The legislators also accused the Korea Energy and Power Corp. of covering up the extent of the danger.

"Cracks there were more serious than they were reported," Mr. Shin said, who added that the damage resulted from the use of "substandard cement."

The accusations have importance beyond South Korea because Korea Energy, a state-run company, is to provide two light-water reactors to North Korea as part of a pact with the West to end a program suspected of making weapons-grade plutonium.

The pact had been delayed until this year because Pyongyang resisted accepting South Korean reactors, saying its neighbor's nuclear technology was not advanced enough.

The accusations in Parliament, which were denied by Korea Energy, came a day after a sit-in protest at a nuclear power plant in Yonggwang in which 200 people from nearby villages called on the government to close the complex and shelve plans to build two more reactors at the site.

The government and plant officials have said radioactive iodine leaked into coolant water circulating inside the reactor between July and September, but said no one was in danger because the iodine was contained.



FLEEING THE STORM — Residents of battered Bacolor in the northern Philippines carrying elderly residents to safety from recent heavy rains.

Clinton Might Meet Jiang in N.Y.

Compiled by Our Staff From Dispatches

WASHINGTON — The White House said Monday that the state of U.S.-Chinese relations did not justify inviting President Jiang Zemin to pay a state visit to Washington, but added that a summit meeting might take place in New York.

"We don't believe that our bilateral relationship at the moment is at a sufficient state of progress to warrant a state visit," said the White House spokesman, Michael McCurry. He said U.S. policymakers might arrange a meeting in New York but with less formality than that sought by China.

The Chinese foreign minister, Qian Qichen, said over the weekend that Beijing was willing to hold the summit meeting in New York if the United States did not agree to China's preference for a meeting with full state honors in Washington.

American officials have unofficially said that President Bill Clinton was willing to meet Mr. Jiang at the United Nations General Assembly in New York on Oct. 23 or 24. The Chinese had been pushing for a formal state visit, complete with flags flying in the capital, a state dinner and 21-gun salute for Mr. Jiang.

Mr. Clinton rarely holds such events and apparently was concerned about opening himself to criticism that the administration was courting a Chinese government with which Washington has disputes over human rights, trade, missile exports and Taiwan.

The White House also cast doubt Monday on Beijing's claim that the United States had agreed to tough restrictions on visits by Taiwan's leaders that bar them from making political speeches.

"I find it very hard to imagine that that's true," Mr. McCurry said. (Reuters, AP)

Malaysia Offers Manila Flexibility on Maid Rules

Agence France-Press

KUALA LUMPUR — Malaysia will review its terms for hiring maids from the Philippines with the idea of making the rules "fairly flexible," Prime Minister Mahathir bin Mohamad said Monday after talks with visiting President Fidel V. Ramos of the Philippines.

"We will be fairly flexible but we also want to ensure those who come here are wanted by specific employers as domestic workers," Mr. Mahathir said.

He was speaking to reporters after an informal meeting with

Mr. Ramos at the end of a two-day visit.

Last week, Malaysia canceled new rules on hiring Filipinos as maids, including one that required them to be at least 35 years old.

That means earlier requirements, which did not specify an age limit and called for employers to post a deposit of 1,000 ringgit (\$200) for each maid, will remain in effect.

The new rules, including the age limit and a higher deposit of 5,000 ringgit (\$1,000) were to have come into force Monday. About 200,000 maids, mainly from Indonesia and the Philippines, are among 1 million foreign workers employed here.

Mr. Mahathir said he also discussed with Mr. Ramos the influx of illegal immigrants from the Philippines to Malaysia's eastern state, Sabah.

According to unofficial figures, there are more than 500,000 illegal immigrants, most of them from the Philippines and Indonesia, in Sabah, which has a population of 1.7 million.

Briefly Asia

Burma Shuns Aung San Suu Kyi

BANOKOK — Burma's military government will not discuss political reform with the Nobel laureate and democracy advocate Aung San Suu Kyi because a military-appointed convention is the proper forum for such debate, Rangoon's ambassador to Thailand said.

Ambassador Tin Win, in an interview with the Bangkok Post daily published Monday, said there was no need for debate elsewhere because the convention was progressing smoothly. (Reuters)

Sri Lanka Troops Battle Tamils

COLOMBO — Sri Lankan troops have captured a clutch of towns in the Tamil guerrilla stronghold of Jaffna since Sunday, killing an estimated 51 Tamil Tiger rebels and losing 19 men, a military communiqué said Monday.

Three army brigades, backed by tanks and artillery, advanced from the Palaly air base on the northern tip of Jaffna at dawn Sunday and overran guerrilla positions to the south, it said. (Reuters)

'State of Calamity' in Philippines

SAN FERNANDO, Philippines — President Fidel V. Ramos declared a state of calamity Monday in 29 Philippine provinces and 27 cities after a tropical storm, designated Sybil, ravaged the country, killing more than 100 people.

The declaration is an administrative measure intended to speed the release of funds to rebuild affected areas and empowers the government to fix a price ceiling on basic items in the region. (Reuters)

Kim Is 'Prudent,' Pyongyang Says

SEOUL — The North Korean leader, Kim Jong-il, has not heeded repeated calls to assume the country's top post, showing what the North's media called "prudent and polished" state management, monitors here said Monday.

In a broadcast Sunday, Central Radio in Pyongyang said Mr. Kim had "held back" from the calls by his aides to succeed his father, Kim Il-Sung, as head of state, said Naewoo Press, an official South Korean monitoring agency. (AFP)

East Timorese Youths Clash

JAKARTA — Bands of East Timorese youths fought pitched battles at least twice in the last week, and a leader of Indonesia's civilian intelligence network in the territory was injured, residents said Monday.

The local police chief, Colonel Andreas Sugianto, confirmed the incidents, but denied that there had been any involvement by intelligence officers or recruits in the clashes.

Local residents in the capital, Dili, believed the assailants were recruits of Indonesia's extensive intelligence network, residents said. The fighting set off a revenge attack on the car of Aleso Cobra, believed to be the informal chief of the network, they said. (Reuters)

VOICES From Asia

Chon Gwa Chol, North Korea's chief negotiator in emergency rice talks with South Korea, which ended without agreement because Pyongyang said the South insisted on bringing political issues into the discussions: "Our advice to the South Korean side should be purely to discuss rice." (Reuters)

Yoshi Kono, foreign minister of Japan, stepping down Monday as deputy prime minister, paving the way for Ryutaro Hashimoto, the minister of international trade and industry, to assume the post: "I told the prime minister I would like to step aside. I also told the prime minister to give the post to the new LDP president." (AFP)

Kuo Chen-chi, a campaign organizer for Lin Yang-kang, a candidate for Taiwan's inaugural 1996 presidential elections, who unveiled a campaign video Monday in which he does not say a word: "This video is to differentiate Lin from the current leader, who seems to have spoken too much. A leader should be willing to listen to the voice of the people." (Reuters)

Cousteau Battles Cousteau in South Seas 'King Lear'

By Philip Shenon
New York Times Service

SAYUSAVU, Fiji — If the French oceanographer Jacques Cousteau could be persuaded to dive into the newly fashionable world of eco-tourism, he might want to consider lending his name to just the sort of environmentally friendly beach resort that opened on April 22, World Earth Day, on a honey-colored stretch of sand in the idyllic islands of Fiji in the South Seas.

The staff here includes a marine biologist who offers lectures several times a week on sea-life preservation. The resort has persuaded the chief of the local tribe to declare a marine sanctuary in its azure coral-filled waters.

Fishing is forbidden; powerboats and jet skis are banned as too polluting; the gift shop refuses to carry souvenirs made from seashells.

But in fact Mr. Cousteau did not lend his name to the Cousteau Fiji Islands Resort. Far from pleased about the opening of this venture in an island chain synonymous with paradise, the 85-year-old ocean explorer has gone to court in Fiji to have the name removed, accusing his son of tarnishing the family name.

The lawsuit, which was filed in September, reads a bit like a South Seas

variation of King Lear, with a powerful father ready to tear apart his family when he perceives the disloyalty of a strong-willed child — in this case Jean-Michel Cousteau, a respected 57-year-old environmentalist and film maker.

The suit demands, among other things, that the name be removed from the resort unless the name "Jean-Michel" appears in the logo and advertisements in lettering the exact same size and color as "Cousteau." The elder Cousteau has refused to give interviews.

His son, a partner in the resort, describes the lawsuit as "very sad and shocking," and he has vowed to contest it, offering the prospect of a mudslinging father-versus-son legal battle in a Fijian courthouse this year.

"I really hope that we can have a big hug and resolve this over a bottle of wine and put it behind us," the younger Cousteau said in a telephone interview from his home in Santa Barbara, California.

"But I was given this name, and I am convinced that I have the right to call myself Cousteau," he said. "There are limits to what I can take — and I've had to take a lot of punishment from my father and from some of his entourage."

The feud between the Cousteaus dates back to at least 1992, when Jean-Michel Cousteau resigned from the Cousteau Society, where he had worked for 15

years with his father, to form his own production company.

The split has deprived Jacques Cousteau — for a second time — of an heir to his multimillion-dollar oceanographic empire, which has often been involved in profit-making businesses in the past.

His second son and intended heir, Philippe, died in an air crash in 1979. The elder Cousteau has described the search for a successor as a "perpetual tragedy."

The lawsuit has baffled the resort's Fijian staff. Some said they had assumed that Jacques Cousteau would be delighted by the resort's goals.

"We're trying to pass on a lot of this environmental awareness to our guests," said Patrick Wong, a 35-year-old Fijian who is the resort's general manager.

On a tour of the resort, he stopped to point to a lush hill rising behind the resort's 20 airy thatched bungalows, built in a traditional Fijian design that eliminates the need for energy-wasting air-conditioning.

"We're installing a windmill up there," Mr. Wong said, explaining that the resort's owner hoped to harness clean electricity from the stiff trade winds. "We're trying to be totally self-sufficient."

Janet Freed, a San Francisco interior designer who is one of the owners of the Fiji resort, said that "the thing I find sad is that Jacques has never been here." She

added: "How can you condemn it if you've never seen it? I think Jacques would be very impressed."

The Cousteau resort is the newest, and certainly most fashionable, entry into the eco-tourism industry in the South Pacific. Hotels elsewhere in the South Pacific have tried to draw wealthy guests with a promise that they are environmentally friendly — built with recycled materials, designed to save energy and water, sensitive to native cultures.

Often, the promises are more hype than truth. But Fiji, which has its share of sprawling beach hotels that have ravaged the local environment, has never seen anything like the Cousteau resort, which was opened in a partnership between the younger Cousteau and the owners of the Post Ranch Inn, a chic resort in Big Sur, California.

Environmentalism does not come cheap at either resort. Room rates at the Fiji resort begin at \$275 a night. Yet even at those prices, guests wandering among the swaying palms offered not a single word of complaint.

Felicity Keane, an art director on vacation from her home in Sydney, said the court battle between the Cousteaus surprised her. "It's such a perfect place," she said. "Maybe Jacques is just jealous."

OUTRAGE: Asia-Pacific Leaders Warn Paris of Anti-Test Mobilization

Continued from Page 1

measuring 5.9 on the Richter scale and was among the largest of the more than 135 nuclear explosions conducted by France since it began underground tests in the South Pacific in 1975.

Justifying his decision to resume tests before ending them completely by next May, Mr. Chirac said that France needed to validate a new warhead for

its submarine-based missiles and acquire the capacity to simulate testing on computer.

But Paul Keating, the Australian prime minister, said that Monday's test ignored widespread objections in Europe and France itself, and "compounds the sense of anger felt by regional countries."

As a result, France's "good name in this region and around

the world has been further damaged," he said.

Dominique Girard, the French ambassador to Australia, defended the tests as necessary to ensure the safety of France's nuclear arsenal.

But he also appeared to acknowledge the diplomatic damage being suffered by Mr. Chirac and the French government as a result of the strong and sustained opposition to the blasts.

Mr. Girard said that France would try to do without the seventh and eighth tests in the planned series, and end them "over as short a period as possible."

Mr. Chirac originally said that there would be eight tests held from September to May. Jeremia Tabai, secretary-gen-

eral of the South Pacific Forum, said that the second French test would strengthen regional opposition and further damage France's relations with members of the group.

Prime Minister Jim Bolger of New Zealand asserted that France should be suspended as a partner of the forum and said he expected other countries to back that view.

"New Zealanders are outraged that once again France is thumbing its nose at world opinion," he said.

In French Polynesia, Tahiti's main independence group and local anti-nuclear organizations warned that the second test could rekindle violent protests in the colony, although officials discounted a repeat of the rioting in Papeete that followed the first test.

TESTS: France Vows to Go Ahead

Continued from Page 1

even after a test ban enters effect.

France also has declared with great fanfare that it would unilaterally halt the production and export of all anti-personnel mines, weapons that have caused "the dismembering of civilians in civil wars raging in places as disparate as Cambodia, Afghanistan and Angola."

Most significant of all, Mr. Chirac has offered to extend the French nuclear umbrella to cover Germany and other European Union neighbors, breaking with more than three decades of nationalistic dogma that contends France's nuclear force must remain totally independent of other countries.

But the hostile reception given to Monday's test blast clearly showed that despite such blandishments, the world still rejects the French explanations of the current round of nuclear tests. Even at home, polls show that 60 percent of the French people say they fail to see the need for the tests, even though an equal proportion wants to preserve the nuclear deterrent.

The United States and Russia expressed regret over the latest blast and urged France to refrain from future tests.

The French blast also dismayed many European allies, who have been less than enthusiastic about France's offer to expand the panoply of its nuclear protection.

Chancellor Helmut Kohl said that he has made known Germany's reservations about the testing program many times but that he did not wish to damage relations with Paris by engaging in gratuitous public criticism.

The opposition Social Democrats lamented the French program as "a crime against man and nature."

Japan Region Registers Thousands of Quakes

The Associated Press

TOKYO — For the fourth straight day Monday, earthquakes rocked southwestern Japan. The quakes have caused only moderate damage but have left local residents jittery.

More than 5,600 quakes have been registered since Friday, 95 of which were strong enough to be felt by humans, according to the Central Meteorological Agency. The strongest quake, Sunday, registered a 4.8 magnitude, but there were no reports of injuries.

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TESTS: France Vows to Go Ahead

Continued from Page 1

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EUROPE

BRIEFLY EUROPE

Serbs Make Battlefield Progress In Bosnia

Reuters

BANJA LUKA, Bosnia — The Bosnian Serbs are making significant battlefield gains in northwest Bosnia, eating into areas lost to Bosnian government and Croatian forces two weeks ago, United Nations officials and other witnesses said Monday.

"Bosnian Serbs seem to have launched a counteroffensive toward Bosanska Krupa," a UN spokesman said.

He said lines were 2 kilometers (1.2 miles) from government-held Otoka. Along the central part of the western Bosnian front the government army retreated up to 10 kilometers after an aborted assault.

A Serbian flanking maneuver left a Bosnian army brigade cut off and forced it to retreat.

The new fighting came as Assistant Secretary of State Richard C. Holbrooke continued shuttling in and out of Sarajevo. He reported that talks with the Bosnian government, while productive, still had not clinched a cease-fire.

"On a cease-fire the talks are inconclusive," Mr. Holbrooke said to reporters after emerging from a meeting with President Alija Izetbegovic and Foreign Minister Muhamed Sacirbey.

"The two sides remain significantly in disagreement over the type of cease-fire, the nature of it, the details."

He said much of Monday's talks with the government had been devoted to post-war elections in the country, one of a myriad of details left to be resolved in any final peace deal.

Mr. Holbrooke has concluded two agreements on basic principles among the warring parties and won a unilateral commitment from separatist Bosnian Serbs to effectively lift the siege of Sarajevo in exchange for a halt to NATO air strikes.

He made it clear he would prefer to see a cease-fire in Bosnia but said continued fighting was not fatal to the peace process.

"If people want to keep fighting they can keep fighting and the talks will go on," Mr. Holbrooke said. "We have made a lot of progress since Sept. 8 while the fighting went on, while NATO bombing went on for much of that time."

"In many ways there's been fighting and peace talks simultaneously. It's wasteful, it doesn't make much sense. People die and people are made homeless while peace talks continue. We think the fighting should stop."

Bosnian Serbs are anxious for a cease-fire to freeze control of the half of the country under their military control.

The Bosnian government, its army getting slowly stronger, would prefer a cease-fire only after details of a final peace settlement — including the maps — are agreed upon.

Mr. Sacirbey said the cease-fire talks involved more than halting the fighting.

"The cease-fire is not about continuing war, it's about which type of ideology will prevail and have the advantage at the negotiating table," he said.

"What we're trying to make sure is that the ideology of a multicultural Bosnia, of one where everyone has the freedom to live where they want, is the one that has the best advantage at the negotiating table."

U.K. Labor Party Gets Pledge on Utility Taxes

BRIGHTON, England — Britain's Labor Party, enjoying record popularity, opened its annual conference Monday with a pledge of hefty taxes on utility companies.

"We will not build the new Jerusalem on a mountain of debt," Gordon Brown, finance spokesman for the main opposition party, said in a speech to delegates in this southern coast resort.

Left-wingers have complained that the once-socialist party has betrayed its principles. The warning about spending, along with new setbacks looming during the four-day convention for the party's already battered left wing, underlined the transformation of the party.

Tooy Blair, the party leader who has pushed Labor dramatically to the center since taking over 16 months ago, is widely expected to oust the Conservative government in national elections that must be held by the spring of 1997. (AP)

EU Prepares a Summit On Closer Ties to U.S.

LUXEMBOURG — Members of the European Union agreed Monday on the need for closer ties with the United States, but remained far apart on exactly what form that new relationship should take.

Foreign affairs ministers from the 15 EU nations are trying to lay the groundwork for a Dec. 3 summit meeting in Madrid with President Bill Clinton, Jacques Santer, head of the EU's executive commission, and Prime Minister Felipe Gonzalez of Spain, the current EU president.

Slovak President's Son Released From Prison

VIENNA — The son of President Michal Kovac of the Slovak Republic, suspected of illegal business dealings, posted bail Monday and was released after spending a month in prison.

Michal Kovac Jr. had been in detention pending a decision on whether to extradite him to Germany, where he is sought in connection with a fraud case. The Austrian Press Agency reported that he was released on bail of one million schillings (\$108,000), while the extradition deliberations continue. (AP)

González Rules Out 'Dirty War' Amnesty

MADRID — Prime Minister Felipe Gonzalez on Monday ruled out an amnesty for those implicated in a secret war against Basque guerrillas in the 1980s. "I have said many times that I am against any amnesty law," he said in reporters at a ceremony to present a national research and development plan.

A total of 14 former government and security officials have been charged with organizing the so-called Anti-Terrorist Liberation Groups and financing them with secret funds from the Interior Ministry. The groups killed 27 suspected Basque guerrillas from 1983 to 1987 and kidnapped several others.

A former military intelligence officer, Colonel Juan Alberto Perote, has implicated Mr. Gonzalez in the activities of the anti-terrorist groups, testifying that his superior had discussed the "dirty war" with the prime minister. A Supreme Court judge is now determining whether grounds exist to take action against Mr. Gonzalez. (Reuters)

Calendar

European Union events for Tuesday:

LUXEMBOURG: Officials meet to prepare for the 1996 intergovernmental conference on reforming EU institutions.

SANTIAGO DE COMPOSTELA, Spain: The fisheries commissioner, Emma Bonino, attends a seminar on EU fisheries policy.

GENEVA: Jacques Santer, European Commission president, meets Renato Ruggiero, director-general of the World Trade Organization, and Nelson Mandela, president of South Africa. Mr. Santer also takes part in opening ceremony for the Seventh World Telecommunication Forum.

Sources: Agence Europe, AFP.



Socialist Party supporters waving banners in Lisbon to celebrate their party's victory.

Portuguese Socialists Fall Short Of Majority, but Will Govern

Reuters

LISBON — Portugal's Socialist Party, which stormed to victory in elections Sunday, conceded Monday that it would fall slightly short of an outright parliamentary majority.

But the party's leaders said they were confident of forming a stable and durable government nonetheless.

"I believe the Socialist vote was sufficiently strong and clear to guarantee a government lasting the whole of the legislature's four-year life," said Joaquim Pina, a senior party official.

The Socialist Party won just under 44 percent of the vote to end a decade of governance by the center-right Social Democrats.

Although the final count is expected to leave the Socialists a few seats short of outright control, President Mario Soares will ask the party's leader, Antonio Guterres, to form a government.

The process will take a few days because there are still eight seats in the 230-seat Parliament to be awarded — the four elected by Portugal's emigrants and the four from districts in which protesters prevented voting.

The new vote will be held Sunday, while the emigrant ballots will be counted a week from Wednesday. Only after that will Mr. Soares be free to offer Mr. Guterres the mandate.

Political analysts expected the Socialist Party, which had never won more than 37 percent

in a national election before, to end up with 112 seats to the Social Democrats' 88, with the hard-left Communist Party and the rightist Popular Party winning 15 seats each.

A Socialist victory had been widely predicted by opinion polls, and the fact that the party nearly secured an absolute majority was reassuring for financial markets, which had feared the instability that could come with a weak administration.

"The Socialist strength in Parliament is more than any two of the opposition parties combined, which is a positive result," said Rui Martins dos Santos, chief economist with Banco Portugues de Investimentos.

Left Edges Out Right in Riga

Compiled by Our Staff From Dispatches

RIGA, Latvia — A left-leaning democratic party was declared the winner of parliamentary elections in Latvia on Monday, but a surge in support for a radical right-wing group caused an uproar.

The party known as Saimnieki took 18 seats to emerge as the biggest party in the 100-seat Parliament. The governing Latvia's Way party dropped one seat but still was second with 17 deputies.

The right-wing People's Movement for Latvia, also known as the Siegierist Party,

gained 16 seats to make it the third highest party in Parliament.

The party is led by a German politician, Joachim Siegiert — who cannot speak Latvian — whose stance has been strongly anti-Russian and anti-Communist. But the party's other policies are unclear.

About 700,000 ethnic Russians live in Latvia. Most do not have citizenship and were not allowed to vote in the elections.

Weeks or even months of haggling are now likely as the biggest parties seek a way to form a coalition that can com-

mand a majority in Parliament. Analysts said Mr. Siegiert's brand of populist politics had swung undecided voters on election day.

His party runs an office that offers free medicine to Riga pensioners, and in an earlier election he transported voters to polling stations by bus and gave out free bananas and lemonade.

The radical nationalist grouping for Fatherland and Freedom, which wants to introduce even tougher legislation on citizenship, placed fourth with 14 seats. (Reuters, AP)

Communists Win Big in Russian City

Reuters

MOSCOW — Russia's Communist Party won at least 20 of the 24 seats in an election to the local parliament in the city of Volgograd on Sunday, according to preliminary results released Monday.

The outcome, if confirmed in official results, was another sign of the party's strength before a nationwide parliamentary election on Dec. 17.

There was some disagreement on the extent of the Communist victory. The Interfax news agency said Communists had won 20 of the 24 seats in the local Duma, or parliament, in Volgograd. But the Itar-Tass news agency said Communist candidates had won 22 seats.

Volgograd, which is about 900 kilometers (555 miles) south of Moscow, has historically been a Communist stronghold.

Unofficial results showed that only about 39 percent of the electorate had voted, Interfax said.

Election officials could not immediately be reached to confirm the results, which signaled that the Communists will be a force to be reckoned with in December's election.

Many political analysts ex-

pect the Communist Party to win more seats than any other party in Russia's lower house of Parliament in December, although they do not expect it to come even close to securing a majority in the chamber.

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The High Art of Moving in High Places

By Sharon Waxman

Washington Post Service

PARIS — Everyone has a hobby. Some people collect stamps. Some people play golf. Claude Khazizian likes to sneak into the corridors of power and pretend that he belongs.

A retired employee of the state's off-track betting organization, he has been crashing the government's most heavily guarded events for years with nothing more than self-confidence and a decent suit.

This year, his supreme achievement was to participate, along with 40-odd heads of state, in France's celebration on May 8 of the 50th anniversary of the end of World War II and the passing of the presidency from Francois Mitterrand to Jacques Chirac. Not only did he stay for lunch at the Elysee Palace,

but he joined the group photo. There he is, grinning, just behind the two French leaders and next to Abdou Diouf, the president of Senegal, who noted that they were both about the same height.

"I was having a very nice conversation with President Abdou Diouf when all of a sudden Chirac and Mitterrand appeared," says Mr. Khazizian. "Then I thought, what should I do? Should I leave?"

He didn't ruminate for long. "Well, I stayed," he says with some pride. "I had this forbidden pleasure, and I was really very happy to be there. It was a great feeling of fraternity and equality."

Mr. Khazizian, 64, found that no doors were closed to his affable determination. Tall, baldish and somewhat statesmanlike in bearing, he has penetrated one exclusive

function after another, including four Bastille Day garden parties at the Elysee. (He brought two friends this year.)

He was also among the dignitaries no the reviewing stand on the Avenue des Champs-Elysees this year for the arrival of Miguel Indurain, winner of the Tour de France bicycle race.

"The young woman sitting next to me was charming," he told the magazine VSD. "She invited me to the Spanish Embassy to celebrate the champagne. Before getting in the car with her, I asked, 'Who are you?' She answered, 'I am the Infanta of Spain, the king's daughter.'"

Mr. Khazizian's identity was revealed when an acquaintance, a television journalist, hired him to infiltrate Mr. Chirac's entourage on Bastille Day. Equipped with a tiny camera in his glasses, he

joined the presidential party on the dais for the parade. Then he stopped Mr. Chirac afterward. "Allow me to congratulate you, Mr. President," he said, shaking the hand of the leader, who appeared taken aback. The television segment was canceled at the last minute.

The whole episode would be nothing more than an amusing footnote were France not in the throes of the biggest domestic security operation in years, in the wake of a series of bombings and bombing attempts since July.

The discovery that an intruder, even unarmed, has gained entrance to circles of influence without any particular effort has set off a heated debate within the presidential security service. Officials confirm that presidential security has been tightened as a result.

Turkish Quake Toll at 63 As Rescuers Search Rubble

The Associated Press

DINAR, Turkey — The authorities raised the death toll Monday from Sunday's earthquake to 63, while rescue teams searched for bodies in the rubble of buildings.

About 200 people were injured in the quake, said Mustafa Secen, the town's health director. Dozens more were feared trapped under collapsed buildings. Interior Minister Nihat Metin said that 10 people were rescued Monday.

Public Works Minister Halil Cuhoglu said that nearly half the buildings had collapsed in Dinar, a city of 100,000 people 320 kilometers (200 miles) southwest of Ankara.

The relatively low death toll may have been due to the fact that many people were sleeping

outdoors because there had been a moderate quake Wednesday and aftershocks the following days. The quake Sunday registered 6 on the Richter scale.

Heavy rain and power outages hampered rescue efforts throughout the night Sunday. Four- and five-story buildings collapsed into stacks, and large cracks made most of the other buildings unsafe. The police station, local government building and the hospital were damaged.

Residents spent the chilly night outdoors, some taking shelter in their cars. More than 100 people stayed in a 15-car train that was warmed for them. People set up tents on sidewalks, and a tent city emerged in the soccer stadium.

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INTERNATIONAL

Settlers Cross Jordan To Protest Gains By the Palestinians

The Associated Press
ON THE ISRAEL-JORDAN BORDER — Dozens of Jewish settlers broke through Israeli Army barricades Monday and waded across the Jordan River into Jordan to protest Palestinian autonomy in the West Bank.

Two Jordanian Army officers came to the river bank, but did not interfere. Demonstrators surrounded them and shook their hands.

The settlers handed the Jordanians a letter asking King Hussein of Jordan to help prevent the enlargement of the Palestine Liberation Organization's West Bank enclave of Jericho in the Jordan Valley.

Israeli soldiers made a half-hearted attempt to stop the protesters as they marched toward the border fence, but the settlers pushed them aside and sawed open a gate.

Waving Israeli flags and holding onto ropes, the settlers crossed the chest-deep river. One settler carried a placard reading: "Jordan Valley settlers thrown to the dogs."

After an hour they crossed back and were detained briefly for questioning.

Israeli cabinet ministers maintained that the settlers' fears were unfounded. Agriculture Minister Yaakov Tzur said that 90 percent of the valley would remain under Israeli control.

Meanwhile, Prime Minister Yitzhak Rabin lashed out at American Jews, saying they had "no moral right" to lobby in Washington against the Israel-PLO accord.

"The very audacity of going to the U.S. Congress with the aim of foiling policy of an elected government in Israel," Mr. Rabin said in remarks carried by Israeli radio. "This is unprecedented and sets off a warning signal in terms of our relations with U.S. Jewry in the future."

On Friday, in a meeting with Jewish leaders in New York City, Mr. Rabin denounced as "loathsome" a Jewish group's demand that Congress withhold U.S. aid from the Palestinian autonomy government.

Israel and the PLO signed an accord Thursday at the White House outlining a withdrawal of Israeli troops from much of the West Bank and providing for Palestinian elections. The agreement did not address the status of the Jordan Valley.

In a related development Monday, Israel's Supreme Court blocked the government from releasing Palestinian prisoners until Parliament ratifies the Israel-PLO accord. Parliament is scheduled to debate the accord Thursday.

Limor Livnat, a member of Parliament of the opposition Likud party, petitioned the court to block any prisoner release until Parliament votes.



Israeli West Bank settlers arriving on the opposite bank of the Jordan during the protest.

Zambians To Charge A Former President

Agence France-Press
LUSAKA, Zambia — The government plans to prosecute former President Kenneth Kaunda for allegedly not being a Zambian citizen when he became president, a member of the government said.

In a statement Sunday, the legal affairs minister, Remmy Mushota, said Mr. Kaunda, who is trying to recover the presidency he lost four years ago, faced charges that he took the office when he was actually a citizen of neighboring Malawi.

"We have evidence that Dr. Kaunda only renounced his Malawian citizenship on June 19 1970," — 16 years after he became president — he said. "Since we have now discovered that he was not a Zambian when he entered high office, he is liable to prosecution," Mr. Mushota said.

A copy of Mr. Kaunda's affidavit renouncing his Malawian citizenship was attached to the statement.

It said: "I am a national of Malawi under the law of that country and intend to become a citizen of Zambia," and added: "I hereby renounce my citizenship and divest myself of my allegiance to Malawi and the enjoyment of its protection."

Mr. Kaunda has clashed with the government, dominated by the Movement for Multiparty Democracy, since returning to politics in July, when he won back the leadership of his former governing party, the United National Independence Party.

He has said he will challenge President Frederick Chiluba in next year's election.

Last week the government endorsed a set of new constitutional proposals, among which are clauses that technically disqualify Mr. Kaunda on the basis of his foreign parentage.

He was born in Zambia 72 years ago but his parents were from Malawi. His father was a Malawian missionary who settled and died in the northern province district of Chinsali, where Mr. Kaunda was born.

Sam Nunn Hears Bipartisan Cheers From Both Sides of the Aisle, Georgian Urged to Run Again

By Eric Schmitt
New York Times Service

WASHINGTON — At a time when Congress is decidedly more partisan, it is a mark of Senator Sam Nunn's stature that Democrats and Republicans alike are urging the Georgia Democrat to run for a fifth six-year term.

At stake in Mr. Nunn's decision, which he might announce Tuesday, is not only the future of Capitol Hill's most influential Democrat on issues of national security, but also the fate of a vanishing bipartisan center in Congress.

"What he has brought is an ability to build a consensus around the need for a strong national security," said Senator William S. Cohen, Republican of Maine, "and he has reached across party lines to do it."

Though a Republican probably would win Mr. Nunn's seat if he retired, many Republicans on the Armed Services Committee worry that his departure would diminish the panel's stature, and they are pleading with him to stay.

Senator Strom Thurmond, the South Carolina Republican who heads the committee, said, "I've urged him to stay on."

If Mr. Nunn decides to leave, as most of his aides, friends and fellow senators believe he will, the 57-year-old lawmaker would become the eighth Democratic incumbent in the Senate to announce his retirement this year. His departure would be inspired by personal considerations rather than by fear of losing an election.

Mr. Nunn has an approval rating of more than 70 percent among the Georgia electorate, recent polls show.

Following Bill Bradley's recent decision to leave the Senate, Mr. Nunn's departure would be an even greater blow to a Democratic Party whose ranks of influential senators are woefully thin.

"If Nunn is a no-go, you look around up there and ask, 'Where are the adults?'" a party official said.

Mr. Nunn's departure would be more significant than the others because of the broad shock wave it would create.

Georgia lawmakers worry that without him, the state's influence in Washington would diminish. Military people worry about losing a staunch supporter as well as a politician who understands the nuances of their institution and the use of military power as an instrument of foreign policy.

Republican colleagues on the Armed Services Committee are some of Mr. Nunn's strongest supporters, arguing that he should remain in office for the sake of the committee.

"Without a doubt, we'd lose one of the most informed and mature voices on national security issues in the Senate," said Senator John S. McCain 3d, Republican of Arizona.

Since joining the Senate in 1973, Mr. Nunn has teamed up with Republicans to warn President Jimmy Carter against precipitously withdrawing U.S. troops from South Korea, to defend the Anti-Ballistic Missile Treaty and to support aid to Moscow for dismantling nuclear weapons there.

Mr. Nunn has also taken more controversial positions. His opposition doomed the nomination of Senator John Tower to be President George Bush's defense secretary. He favored prolonging the sanctions against Iraq when Mr. Bush won congressional support to oust Baghdad's army from Kuwait. And Mr. Nunn led the opposition to Mr. Clinton's efforts to lift the ban on homosexuals in the armed forces.

A senior Defense Department official said: "Sam Nunn has his own ideas how things work, and he doesn't hesitate to say so if he thinks the president is wrong or the Democrats are wrong. At the same time, he won't get drawn into the muck and he won't be marginalized."

Mr. Nunn says he has not made up his mind whether to run again. He has a full-time campaign worker on his political payroll, and a political consultant. While he has yet to raise any money for a re-election campaign, he has held open 25 dates for events around the state.

Mr. Nunn is refusing to give interviews before his announcement.

On the side in favor of staying are unfinished business, including a bill to reform the current income-tax code, and a deep loyalty to the Senate instilled by two other Senate titans: Carl Vinson, his great-uncle, and Richard B. Russell, his mentor.

His departure would also leave open a seat ripe for plucking by surging Republicans in the South.

On the negative ledger, friends said Mr. Nunn has become increasingly frustrated at the partisanship in the Senate. He is not having as much fun. And despite all of his supporters urging him to stay, he is less powerful without his committee chairmanship and the prospects are bleak for regaining it in a fifth term.

Democratic colleagues said these are all reasons for staying. The more partisan the scene becomes, the more reason there is for him to stay, said Senator Carl Levin, Democrat of Michigan. "He can provide balance, middle ground and glue in areas that need it: foreign and national security policy."

COMPUTE: Clinton Is Expected to Ease Rules on the Export of High-Technology Machines

Continued from Page 1
on Nuclear Arms Control, said the administration was about to make a crucial tool available to countries building missiles and nuclear weapons.

He decided the proposal to relax export controls as a "political decision designed to help California" and said the Chinese, among others, would inevitably order the computers for civilian uses and then give them to the military.

Mr. Clinton has not yet formally approved the proposal, which was worked out after months of wrangling among the Defense, State, Energy and Commerce departments.

But an administration official said Mr. Clinton had told Israeli officials last week that he intended to liberalize the rules that have made it difficult for Israel and many other countries to buy advanced computers.

Announcement of a decision is likely to stir criticism in Capitol Hill. Several lawmakers, including Representative Floyd Spence, the Republican of

South Carolina who is chairman of the House National Security Committee, have already written to Mr. Clinton and urged him to reconsider.

The letter expressed particular concern that India, Pakistan and China — countries with "major nuclear and other advanced weapons programs" — might obtain computers as powerful as those used to design the United States' most sophisticated weapons.

The proposal was sent to Mr. Clinton after months of intense lobbying by the computer industry. Several Washington-based advocates for the industry said they had been reminding the White House in recent weeks of the computer industry's importance to California, Texas and Massachusetts.

"For years and years, administrations have had this attitude: when in doubt, control it, without taking a serious look at what the technology is used for and whether or not we can actually control it," said Greg Gar-

cia, senior manager of the American Electronics Association. "This administration is asking those questions appropriately."

Current rules require computer manufacturers to apply for Commerce Department licenses to export any computer more powerful than 1,500 MTOPs, or million theoretical operations per second. The MTOP is a standard measure of how fast a computer operates.

Industry officials complain that proposed sales are sometimes delayed for months while the government reviews whether the buyer is involved in illicit weapons programs. Sometimes government officials will allow the sale only if the manufacturers take expensive security precautions, like monitoring the machines 24 hours a day.

Administration officials said the plan before Mr. Clinton would create a multistep system that would determine the appropriate treatment for a country — based on its history, the state of its nuclear and mis-

sile programs and the identity of the customer planning to use the computer.

Officials said the Clinton administration planned to maintain the ban on exports of powerful computers to Iran, Iraq, North Korea and Libya, which U.S. intelligence agencies say are attempting to develop nuclear weapons.

On the other hand, most remaining restrictions on sales to such allies as Britain or France would be lifted. And friendly countries without nuclear arms programs, like Mexico, would be allowed to import machines

of up to 10,000 MTOPs for civilian uses. Anything more powerful would still require an export license.

The plan would lift restrictions on exports of U.S. computers of less than 2,000 MTOPs, both civilian and military.

A rule that forbids U.S. manufacturers from selling powerful computers to anyone using them to make nuclear weapons would remain in effect, and the administration intends to give companies additional training in how to recognize suspect users.

Frugality? At Adelphi It's Academic

By Doreen Carvajal
New York Times Service

GARDEN CITY, New York — On the eve of Adelphi University's centennial year, the quiet of the small, suburban campus should not be mistaken for serenity.

Enrollment has dropped 25 percent in a decade. Dormitory rooms are vacant, workers have been laid off, course offerings have dwindled and copy paper is rationed. Last month, the campus radio station was abruptly closed.

The chief architect of these painful budget cuts is Adelphi's longtime president, Dr. Peter Diamandopoulos, 67, a Harvard-trained

philosopher who preaches passionately to his faculty and students about the need for a "radical recasting of the academy" and the value of "frugal spending."

But in the midst of all this cutting, the president of the 8,000-student university has received \$525,636 in salary and deferred bonuses, making him the second-highest paid university president in the nation, according to a survey by the Chronicle of Higher Education, a trade paper in Washington.

Only John R. Silber, president of Boston University, whose enrollment is more than three times as large, makes more. Presidents at Harvard, Yale and Columbia make \$200,000 to \$350,000 less than the Adelphi president.



RITE OF FALL — In an ancient ceremony, British judges marched to Parliament at the legal year's start Monday.

Anger Greet's Nigerian's Extension of Military Rule

The Associated Press

LAGOS — Government opponents on Monday denounced General Sani Abacha's three-year extension of military rule, and some predicted he would never give up power.

General Abacha's Independence Day speech Sunday was "replete with empty rhetoric,

vague declarations, official deceit and lies meant to buy time," the National Conscience Party said.

It urged Nigerians to oppose the transition timetable, which leaves the military in power until Oct. 1, 1998, instead of early 1996 as General Abacha promised when he seized power two years ago.

Kudriat Abiola, the wife of the jailed politician who is believed to have won a June 1993 presidential election annulled by the military, also criticized the extension.

On Sunday, the general once again rejected pleas to release her husband, Moshood K. O. Abiola, who has been held since last year on treason charges af-

ter defying General Abacha and declaring himself president.

Busy Signal Cuts Off Brasília

Agence France-Press

BRASILIA — All they wanted was one of the 19,000 cellular phone lines up for grabs, but when 350,000 residents of Brazil's capital dialed in at the same time, they brought the city's telephone network crashing down.

The mishap Saturday, corrected in a matter of hours, had callers especially steamed because Telebrasil, the capital's phone company, said all the cellular phones lines had been assigned despite the crash.

Few would-be buyers could believe anyone got through, which raised suspicions of fraud.

"If the network crashed and they could not make any sales, I want to know what's happening here," fumed 21-year-old Marcio Tadeu de Souza, a resident of nearby Guara, who wanted to go cellular.

A group of would-be cellular customers who failed to get a line protested outside the phone company headquarters and started collecting signatures on a petition asking the consumer protection office to annul the line assignments, alleging fraud.

IRISH: IRA and London Near a Compromise on Arms

Continued from Page 1

be a "satisfactory resolving of the weapons issue," but he did not say that had to involve the surrender of arms.

After months of verbal warfare, the tone of public statements on the issue began to soften in the last week, and officials said publicly, and in private interviews, that the mood had improved, that they now believed diplomatic, face-saving language would be found to

allow London and the IRA to work out a deal on disarmament and the start of talks.

The talks would involve the Irish and British governments and all the parties in the North, including Sinn Féin and the Protestant unionist parties opposed to Sinn Féin's ultimate goal of a united Ireland with British relinquishing control in the North.

The deal would probably involve putting the disarmament issue to a new international agency, while political talks are scheduled, probably for December. The proposed deal has been put to Gerry Adams, the president of Sinn Féin, who is said to be under pressure from the White House to accept it and is trying to work out compromise language with the White House and Irish and British officials.

Essentially, Sinn Féin wants Britain to drop, or finesse, its demand for IRA disarmament

before the start of talks, while Britain and Ireland are pushing Mr. Adams toward a statement that the IRA, which has been observing a cease-fire it called unilaterally more than 13 months ago, has abandoned violence forever.

The specific mandate of the new agency, on questions like how disarmament would actually be accomplished and whether its recommendations would be binding, is still under review. The agency is expected to be headed by the former Senate majority leader, George J. Mitchell, who is President Bill Clinton's adviser on economic investment in Ireland.

The possibility of a deal was discussed Monday by Mr. Bruton and Mr. Trimble, whose visit to Dublin marked the first formal meeting by a leader of his party and an Irish prime minister since the outbreak of sectarian guerrilla warfare in the North in 1969.

Rebels in Egypt Kill 3 Police

The Associated Press

CAIRO — Suspected Muslim militants killed three policemen Monday in an attack on a checkpoint in Qena Province, 465 kilometers (290 miles) south of here.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Changes at the CIA

John Deutch promised certain kinds of changes when he took over the CIA last summer, and he is starting to make them. He has disciplined, up to dismissal, some 11 CIA officers found to have covered up human rights abuses in Guatemala. The action is said to be a first in an agency whose culture long claimed a higher calling and personal immunity for employees who went over the edge in the pursuit of duty. The action is clearly meant as a contrast to the handling (only reprimands) in the very different Ames espionage case, where the high offense was not cover-up but failure to pursue a traitor.

Mr. Deutch has also been trying to regain control of a second intelligence agency accustomed to being a realm unto itself, the National Reconnaissance Organization, which runs the spy satellites. In the course of investigating how the NRO could build an unforgivingly luxurious new headquarters, probes found that the agency had hidden up to \$1 billion or more in unspent appropriations from its Pentagon and CIA superiors and its congressional overseers alike. Mr. Deutch is scrubbing the NRO's budget, while Con-

gress cuts a token 1 percent (\$70 million), and weighing new financial controls. Contemplating the estimated overall intelligence budget of \$29 billion, who does not wonder what other pockets and operations remain unfamiliar even to the insiders who are supposed to know the secrets?

The CIA's new director is, nonetheless, on the right track in trying to learn and correct the crooked ways of an intelligence community no longer enjoying a high degree of Cold War immunity. Democratic controls need to be firm and the principle of accountability enforced.

Mr. Deutch appears to have a further specific aim. He has started to talk publicly about expanding covert operations in terrorism, narcotics, international crime and weapons of mass destruction. Many would like to see the CIA refocus its mission and gear up to deal more effectively in these areas. Yet no responsible president or Congress can unleash a CIA that appears indifferent to good practice and higher authority. This is the message of the harder discipline and closer scrutiny.

—THE WASHINGTON POST.

Like Dictators

Pity the Romanian journalist who publishes evidence that a policeman is on the take. Under an amendment to the criminal code passed last week, the journalist could serve seven years in jail for insulting a public official, even if the story was true. The amendment awaits the signature of President Ion Iliescu, who is now visiting the United States in search of preferential trading status, among other treasures. The Clinton administration should take the opportunity to encourage Mr. Iliescu to scrap this and several other proposed laws that not only revive defamation standards in effect under the dictator Nicolae Ceausescu but stiffen the penalties.

The administration might also note that two journalists at Zina, a daily newspaper, are on trial for offending the president after publishing detailed evidence from Moscow that Mr. Iliescu was recruited into the KGB. And government officials have threatened to bring charges against the editor of the leading opposition paper, Romania Libera, for a story alleging cabinet involvement in oil smuggling across the Danube to Serbia.

Six years after the fall of communism, some countries in Eastern and Central Europe are suffering flashbacks to Communist-era thinking about dissent. Leaders in Romania, Albania and Slovakia, in particular, are prosecuting journalists and closing papers. They are firing editors they do not like and reserving newspaper stocks for those they do. Laws prohibiting insult and defamation are now common. Western nations have them too, of course, but in the West the

law requires powerful public figures to tolerate more criticism than ordinary citizens. In the former Communist world it is illegal to insult or offend leaders. And the definition of insult or offense is so vague that governments can bring charges against virtually any critic.

Even some champions of free speech have supported these laws once to power. A Communist-era defamation law has been used to prosecute a Polish night watchman who insulted President Lech Walesa during a citizens' meeting. Even Vaclav Havel, president of the Czech Republic, has joined the trend. As a dissident, Mr. Havel served time for violating a dubious defamation law. Now he supports retaining the section of the law that protects his own office.

Western Europe is not immune in this trend. The Council of Europe has been pushing the former Communist nations to adopt press laws, which are common in Western Europe. Indeed, most of the defamation laws differ little from the law in force in France. But such comparisons ignore the huge gap to context. In the West these laws exist in a democratic tradition, allow only the most extraordinary of cases to qualify as defamation, and are enforced by independent courts.

Mr. Iliescu and his colleagues thirst for the international acceptance that comes to liberal democracies, including trade privileges and membership in the European Union. They deserve no such benefits when they treat their citizens and the press as dictators do.

—THE NEW YORK TIMES.

Let Customers Decide

With potentially offensive materials readily available on cable television, on-line computer services and other media, many Americans are demanding more and more protections for children and other viewers. The push to create safeguards is understandable, but it should not be allowed to diminish the fundamental right to free expression or the equally basic right of consenting adults to decide for themselves what to watch or read.

With rare exceptions, the First Amendment ought to guarantee the right of Americans to produce, disseminate or view any kind of sexual material they want. That means that the government should intervene in only a narrowly defined set of circumstances — preventing the use of children in pornographic depictions, for example, or restricting the flow of sexually explicit materials to children. Congress would be going too far if it adopted an outright ban of all obscene material on the Internet, an approach already approved by the Senate. Newt Gingrich, the House speaker, has properly argued that a better way would be for commercial on-line services to code or rate the material they distribute so that consumers can make the decision on what to receive.

The right way to restrict materials disseminated electronically is to use technology to let people decide what they want to see in their own homes. The Clinton administration backs a requirement contained in both the House and the Senate versions of new telecommunications legislation that television manufacturers equip new sets with V-chips to enable viewers to block programs bearing codes indicating offensive material.

There may well be constitutional problems in requiring that viewers make their choices outside the privacy of the home. A plan by Time Warner to scramble sexually explicit programs on its Manhattan

cable channel, and to require viewers who want to see them to send in a signed card asking that the programs be unscrambled, was recently blocked by a federal judge. The judge said the law used by the company to justify its action was probably unconstitutional because it placed an undue burden on the viewer. Even so, at least 60,000 written requests have already been sent in. But it would impose less of a burden on freedom of viewing to have customers write in to block the programs rather than to request them.

The approach of screening out questionable material or letting consumers make the choices is also being looked at by the telecommunications industry. A few weeks ago, several leading software producers, publishers and on-line services formed a consortium to create standards that would allow customers to filter questionable material from the Internet.

Existing laws provide ample authority to crack down on obscene material that raises no constitutional issues. The Justice Department, for example, was right to conduct an investigation into the use of America Online, the country's largest computer network, to distribute child pornography and to lure minors into sex. These are crimes under existing laws and judicial decisions. The only concern is whether anyone was entrapped by the agency's undercover operators.

Standards of decency will always be a matter of subjective judgment. Witness the recent furor over a Calvin Klein advertising campaign that employed adolescents in poses that many found sexually exploitive and inappropriate to the age of the models. The episode ended when public opinion forced the company to back down. Customer opinion, not government intervention, is almost always the best antidote to questionable taste.

—THE NEW YORK TIMES.

If Russia Reneges on CFE, Speed NATO Expansion

By William Safire

WASHINGTON — Someone who recently spent more than an hour alone with Boris Yeltsin reports that the Russian leader is: alert and healthy, no longer befuddled by vodka or medication; focused on his political survival, ready to make deals with rivals to gain their support in any runoff presidential election next year; wholly uneducable about the structural changes needed to build a market economy.

Other sources say the Russian president sees two ways to retrieve his Chechnya and Bosnia failures. One is to force

Fear of Russian paranoia must not determine the defense of Europe.

major changes in the Conventional Forces in Europe treaty with the West. The other is to frighten NATO out of extending protection to states freed from Soviet domination.

President Yeltsin's political future is Russia's business, but changing the two treaties is the West's business. And in the talks between the United States and Rus-

sia, the Clinton administration is being all too conciliatory.

One great achievement at the end of the Cold War was the 1992 treaty limiting conventional forces in Europe. Thirty nations agreed to destroy thousands of heavy weapons, permit intrusive on-site inspections and limit troop and weapons deployment — effectively wiping away the threat of invasion in Europe.

But times have already changed, say the Russians. The commitment that Russia made to reduce forces on its northern and southern flanks — which becomes binding on Nov. 17 — is one that Russian generals find too restrictive. They want to deploy tanks and artillery for three additional divisions in the flank zones, beyond those needed to replace losses in Chechnya's suppression. This would directly threaten Turkey and Scandinavia.

Clinging changed circumstances, and needing Pavel Grachev's support, Mr. Yeltsin has put the West on notice that he is prepared to violate the treaty. President Bill Clinton and Europe's more timid leaders, fearful of holding Moscow to its solemn promises, have been seeking ways

to accommodate Russian hawks — perhaps by "stopping the calendar" on the deadline, or by allowing Russian tanks and armor to be labeled a peacekeeping force.

Such unilateral suspension of the treaty's Article 5 is no "minor adjustment"; it would eviscerate the treaty's central purpose, surely requiring ratification by the U.S. Senate. To the whimsical claim that half a treaty is better than none, the answer should be plain. No treaty is better than a phony treaty that one nation can ignore at its pleasure.

That duplicity brings us to a different treaty, and the issue of NATO enlargement. If Russia breaks its word on CFE on Nov. 17, can there be any doubt of the need to provide a firm timetable to extend NATO protection to the vulnerable nations of Eastern Europe?

To avoid meeting that need, the Clinton administration (supported by Senator Sam Nunn) clings to its concoction of a Partnership for Peace.

This is a device that tells Russia: "If you let us pretend we do not think you are a potential aggressor, we will let you pretend that NATO is not an alliance to defend Europe from Russia." It is President Clinton's way of avoiding offending Russia by defending Eastern Europe —

but Partnership for Peace fools nobody. Last week, NATO dared to say that Russia has no *droit de regard* (right to be consulted) if the West decides that Poland, Hungary, the Czech Republic and perhaps the Baltic nations have earned the privilege of joining Western defense.

But no nations were named and no timetable set. That is because NATO awaits America's leadership, and President Clinton prefers to hide in the fog of "partnership." The fear in Foggy Bottom is that the least bellicose faction in the Kremlin, the Karaganov group, may be undercut by General Alexander Lebed's nationalists if the West seizes the moment to draw the new defense line.

Fear of Russian paranoia must not determine the defense of Europe.

NATO has proved itself to be peaceful — and the West's CFE commitments add to that assurance. But as Russia recovers and rearms, as history suggests it will, Moscow's imperialist urge might well rise again. Then it would be too late and "provocative" to redraw the defense line.

Nov. 17 is a date to focus on. If Russia makes a mockery of its CFE treaty with the West, the NATO nations should speed their protection of the countries to the east.

The New York Times.

This Revival of Europe-Asia Links Can Be Good for All Sides

By Harry Harding and David Shambaugh

At its second meeting, probably in 1997, ASEM will include Australia and New Zealand as well. And some Central European states are expected to be brought into the process in the future.

European leaders see ASEM as the equivalent of APEC, the Asia-Pacific Economic Cooperation forum, which brings North American and East Asian leaders together annually to discuss economic issues.

Europe has long lagged behind America in investing in and trading with East Asia, and European banks and multinationals are trying to gain a stronger position in this lucrative market and export processing base. Asia superseded Europe as America's main trading partner a decade ago but has only recently surpassed America in the European Union's total trade turnover.

Europe also wants to improve the relatively low level of knowledge about Asia in Europe. Despite extensive European colonial links to Asia in the past, there is today a dearth of Asia specialists in Europe compared with the United States. The University of London's School of Oriental and

will hopefully be a lasting commitment to reverse the atrophy and brain drain abroad of European Asianists.

It should also result in much new research that will help business and government better understand Asia, and assist the training of students to enter these professional sectors. The Union and its 15 member states are also providing more money for commercial promotion, aid and cultural and academic exchanges with Asia, while the United States is cutting back in all three areas.

Europe has found common ground with East Asia on trade issues, such as the recent World Trade Organization agreement on financial services, adopted despite Washington's opposition. European and Asian nations are also considering a series of coordinated trade concessions.

In general, Europeans are forging a more equal partnership with Asia, while the United States still insists on a relationship premised on American leadership. Such equality is an essential element to successful dealings with Asians.

There is still a widespread perception in Asia that the European Union was a deliberate attempt to build protectionist walls around a Fortress Europe and indeed was aimed specifically at Asian exports.

Europe's continued discussion about setting labor and environmental standards for internationally traded goods, its restrictions on immigration from Asia and its use of anti-dumping regulations against Asian exporters only perpetuate such suspicions. Asians will want to see concrete concessions from Europe before they accept European protectionist claims of a new partnership.

Even those willing to accept European assurances that the Union is not a closed trading bloc often point out that the European business community seems mainly preoccupied with opportunities in its own region. This is reflected in the sluggish growth of Europe-Asia commercial ties. European trade with Asia has increased in absolute terms, but Europe's share of Asia's foreign trade has actually been declining.

Similarly, while growing, Europe's share of foreign direct investment into the Asian region is relatively small. For example, of the \$38 billion invested in China in 1994,

the EU share was only \$3.4 billion. The Union's total trade volume with China last year (\$26.3 billion) did not even reach the amount of the Chinese trade surplus with the United States (\$29.5 billion). Europe is not as commercially relevant to Asian countries as are their regional trading partners or North America.

The ASEM summits will advance Asia-Europe relations, but they cannot create as substantial a relationship across the Eurasian landmass as East Asia has with the United States. No one is yet talking of a formal inter-regional trade group between Europe and East Asia comparable to APEC. ASEM and the ASEAN Regional Forum provide venues for Europe and Asia to discuss international security matters, but no one expects any European countries to deploy military forces in the Asian region, as the United States does.

Still, many Asian leaders welcome the recent European initiatives. These are also seen as a useful counterweight to America at a time when U.S. ties with the region are frayed. Asia would be well advised not to pursue a manipulative policy by playing a "Europe card," but a triangular relationship, with Asia at the pivot position between Europe and America, will bring advantages to Asian states.

The challenge to the United States is to respond effectively. If Washington adopted some of the best features of the European approach, it would find that it could continue to deal with Asia from a much firmer economic, strategic and historical base, and could effectively counter the European drive for markets and influence.

Washington should not view the developing Europe-Asia axis in zero-sum terms. It does not threaten the United States. Certainly America's links to Europe are far more durable and institutionalized than either's bonds with Asia. The growing Europe-Asia relationship is a positive development for all concerned.

Mr. Harding is dean of the Elliott School of International Affairs at George Washington University in Washington. Mr. Shambaugh is reader in Chinese politics at the School of Oriental and African Studies, University of London, and editor of *The China Quarterly*. They contributed this comment to the *International Herald Tribune*.

Look Out, America, the Cops Can Take Away Your Property

By Charles Levandosky

CASPER, Wyoming — Before the Magna Carta was signed by King John in 1215, if the Crown wanted a lord's estate it simply declared him suspect of political opposition. All the lord's property and holdings were then forfeited to the Crown. It was not necessary to establish guilt of treason or felony or any other crime — suspicion was sufficient.

Forfeiture fed the Crown's coffers. One of the articles of the Magna Carta dealt with this abuse and ended it for nearly 400 years. Then forfeiture returned. One of the later methods the Crown used to grab property was through declaring someone an outlaw.

This did not involve a jury trial. The person outlawed forfeited all of his or her property. No finding of guilt was necessary. More money to the Crown. Naturally, the power that created this self-serving process would end it only when opposing political power was overwhelming.

The American colonists suffered under the English use of outlawry and other forfeiture laws. John Hancock even had his schooner "Liberty" seized by the Crown when he refused to pay an unpopular tax.

Forfeiture laws were condemned by the colonials. They became one of the key issues that the founding fathers raised with England prior to the revolution.

Americans have enshrined that understanding in the Fifth Amendment of the Bill of Rights: "No person shall be . . . deprived of life, liberty, or property, without due process of law, nor shall private property be taken for public use without just compensation." But forfeiture — without due process — has returned, with a terrible vengeance.

The war on drugs has done more than gut the Fourth Amendment's guarantee against unreasonable searches and seizures. In America

today, an innocent citizen's property can be taken by law enforcement officials without a finding of guilt — indeed, without even a criminal charge being made against that citizen. The mechanism in force here is civil forfeiture.

If a renter in one of your houses uses drugs and is caught, you can lose that house. The house is considered guilty — tainted by being used for criminal activity. If you prove that you did not know that your renter was involved in selling drugs, you still may not recover your house from the government.

Your innocence means nothing. In an absurd fiction that comes from admiralty law, a thing like a ship can be considered guilty. Ships were confiscated as guilty because the owners, who may have broken customs laws, lived in foreign countries and could not be brought to trial.

That fiction has roots in ancient English law. If a man were killed by falling off a horse, the horse was held guilty and went to the King. It didn't matter if the horse belonged to some third party.

The real reason America's forfeiture laws expanded at all (aside from the usual government rhetoric about drug cartels and drug horrors) is the vast amount of money that forfeiture brings to law enforcement agencies. Millions of dollars go to the federal and state law enforcement coffers — each year. Some local police and sheriff's offices do almost as well gathering forfeiture cash.

While it is true that forfeiture laws have ripped the drug trade, these laws have also stripped innocent people of their property and assets. Law enforcement officers are allowed to keep all the proceeds from the property and assets they claim under forfeiture laws. There is no legislative over-

sight. A police officer who seizes a Porsche in a drug bust can drive it on patrol. Some local law enforcement officials have even sold the property confiscated to friends and set up bank accounts for police parties. Under current forfeiture laws, property rights be damned.

Representative Henry Hyde, Republican of Illinois, has just written a well-researched book entitled "Forfeiting Our Property Rights: Is Your Property Safe from Seizure?" that documents this abuse of government power against the citizenry.

In 1990 the U.S. Department of Justice, according to Mr. Hyde, issued a memo to all U.S. attorneys that began: "We must significantly increase forfeiture production to reach our budget target. Failure to achieve the \$470 million projection would expose the Department's forfeiture program to criticism . . . What happened to going after criminals?"

Instead, law enforcement officials go for the money — for property and assets. Forfeiture has corrupted the legitimate thrust of law enforcement. Some state police agencies have installed units whose only task is to ferret out property that can be confiscated under past drug arrests.

Mr. Hyde's book quotes stories from newspapers across the country that document how ordinary, innocent citizens lost their property and assets to officers of the law without ever being charged with a crime. These people weren't drug dealers. They were caught in the web cast by the war on drugs. Police had "probable cause" — they claim.

Police units have used interstate highways for probable cause stops that took cars and money from innocent travelers. The police claim that they were using

drug profiles. Thousands of people have lost property from these interstate stops.

The same is true of airline travelers. Police stop innocent people in airports and take their cash from them. Many travelers are never charged with a crime. If you pay cash for your airline ticket, you fall within a drug profile.

Watch out. The government may roll you for your dough. It has come down to that. Law enforcement greed now pockets the property and assets of the innocent. Mr. Hyde's book proves his assertion that civil forfeiture is an assault not only on criminals but on all Americans.

The U.S. Supreme Court has agreed to hear argument in two

forfeiture cases this term — a criminal case from Wyoming, a civil case from Michigan. Both cases involve taking property from innocent people. The Wyoming case, *Libretti v. United States*, will be argued before the high court this Tuesday.

Observers speculate that the court may use this opportunity to rein in a runaway abuse by government police agencies. We citizens can hope.

But citizens can do more. They can push members of Congress to support Representative Hyde's bill, the Civil Asset Forfeiture Reform Act of 1995 (HR 1916). The bill would bring due process to protecting property rights.

New York Times Service.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Channel Signal

PARIS — The authorities of the London Chatham and Dover Railway have taken a step calculated to reassure the most nervous passengers on their Channel steamers. There is nothing a sailor dreads more than a fog, and nothing in which signalling is more difficult. An American inventor recently submitted a project for sending a beam of electric light vertically high into the air by upending a small holophone, or search light. The apparatus has just been fitted on board the *Calais Douvres*.

1920: Purpose of War

HELSINGFORS — Sedition is spreading throughout the Russian Red Army. In spite of rigid discipline and severe punishments, the soldiers are organizing meetings, at which they demand the re-establishment of the regimental committees, the convocation of the

Pan-Russian Congress of Soldier Deputies, and an explanation of the purposes of the war. The Soviet government has launched an appeal to all the old Tsarist officers to join in freeing the country of foreigners and "those supported by foreigners."

1945: Peace Weapon

CHICAGO — Senator Tom Connally, Democrat, of Texas, said yesterday [Oct. 1] that the United States, by right of discovery, should retain the secret of atomic energy and use it as a weapon to maintain world peace. "It is ours," he said. "The world can rest assured we will never use it, except in our necessary self defense. Frankly, there are nations in the world I would not trust to restrict it to those purposes." He suggested that the discovery of the bomb would enable the United States alone to preserve world peace and make this possible without keeping a huge military force.



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OPINION/LETTERS

One Who Could Tame the Revolution

By Charles Krauthammer

WASHINGTON — It's three weeks now that America's been in a swoon over Colin Powell. By now General Powell, mystery man, has turned into a national Rorschach test. Everyone sees in him what he wants to see and, mirabile dictu, is pleased.

For centrists, General Powell is a dream come true, sound on every issue from abortion to taxes. His credo — Republican fiscal conservatism but with Democratic compassion — is so perfectly oxymoronic it makes a centrist's heart flutter. And all this in a person of color.

Conservatives are also seeing in him what they want. The more optimistic see President Powell as a passive monarch, reigning with dignity while the country is run by Congress's grubby revolutionaries and their two Robespierres, Newt Gingrich and Trent Lott.

Nice scenario, but highly unlikely. Assuming that General Powell wins, he does it as a self-declared Rockefeller Republican, the first Republican ever to so declare himself and win. A man so popular that he could sweep to the nomination of a party not ideologically conducive to him — or win as the first successful third-party candidate in history — would be a president with great power.

Any such president, certainly an ex-general, would hardly be content to do ribbon-cutting while Congress ran the show.

No, on this score, the liberals who are panting for General

Powell have it right. Their enthusiasm for General Powell, a man who is by no means one of theirs, should give conservatives pause. Their enthusiasm is not without logic.

Liberals are facing the very real prospect of an ideologically coherent and highly disciplined Republican Congress overthrowing their good works of 60 years. The last few weeks have only heightened their anxiety, with the de-entitlement of welfare and Medicaid to the first serious reining in of Medicare. And they know that in a country that is through with liberalism, they are powerless to stop the juggernaut.

Who then? President Bill Clinton has proved weak and untrustworthy. Worse, he is so politically wounded that he might hand over the presidency next year to a conservative Republican, in which case all is lost. With a conservative president and a conservative Congress, everything liberals have achieved since the New Deal would be at risk.

Enter the man to stop the conservative revolution, Colin Powell — as a Republican president. Because a Rockefeller president presiding over a Goldwater Congress means a revolution in trouble.

First, it is headless. Moreover, not only does the revolution have no leader in the White House, it has a brake. And a brake with far more moral

authority than the feckless and compassless Mr. Clinton.

President Clinton is so malleable on every issue that it is difficult to take him seriously, particularly on questions of principle. A President Powell would be taken seriously. Standing in the way of, say, yet more drastic welfare reform or a tax cut, he would have far more moral authority and political power than Mr. Clinton.

Moreover, a President Powell would have a deeply damaging structural impact on Republicanism. The nomination of a Rockefeller Republican, galvanizing the now disorganized and leaderless moderate wing of that party, would deflect its relentless conservative course. Indeed, it could very well split the party as it has not been split since 1964.

For liberals, General Powell is the best way, perhaps the only way, to keep the barbarians at the gate. And General Powell's own pronouncements on the Gingrichian agenda — "a little too hard, a little too harsh, a little too unkind" — show a not dissimilar attitude toward Congress's Republican radicals.

Politically, General Powell is a New Democrat, what Mr. Clinton promised to be in 1992, but with backbone and conviction. In fact, it would make far more ideological sense for General Powell to pursue the Democratic than the Republican nomination.

His professed reason for not being a Democrat — that the party has lost its moorings — rings hollow and self-serving. Leaders restore moorings. That's their job.

And General Powell, a man deeply moored, is precisely the person to revitalize a confused and enervated Democratic Party.

The reasons General Powell will not run as a Democrat are decidedly less elevated. They are partly personal — his promotion by and association with Republican presidents — but mostly practical and calculating: The Democratic nomination this time around is sewn up.

If the presidency were an open seat in 1996, it would make far more sense for General Powell to run as a Democrat. It might even have been likely. But circumstances are otherwise.

General Powell is nothing if not a master of circumstance. He is also the single greatest danger to the Republican revolution in the United States today.

Washington Post Writers Group

A Pretty Picture Rebuts a Sordid Life

By Maureen Dowd

NEW YORK — Where have you gone, Woody Allen?

He was an American classic, the shmendrick who gets the girl by being smart, funny and true-blue. He was not strong and silent, but weak and chatty. He was an inept Lothario but an apt moralist.

That likable non-hero is gone forever. His new movie, "Mighty Aphrodite," is billed as a comedy, but it's really a propaganda film, a sentimental exercise in self-promotion.

It's about a sports writer (Mr. Allen), married to a gallery owner, who reluctantly agrees when his wife wants to adopt a child. He suggests they name the baby after a sports hero. He gets so fixated on his growing son that he decides to track down the natural mother. She turns out to be a prostitute and porn star unfamiliar with Chekhov. As usual, Mr. Allen tries to make the young woman over.

There are cringe-making echoes to real life, just as there were in the 1992 "Husbands and Wives," which featured Mr. Allen married to a passive-aggressive Mia Farrow, while he sneakily lust-

ed after a Lolita. (Ms. Farrow later expressed dismay that Mr. Allen had made her play out a fictional version of the triangle with her adopted daughter, Soon-Yi, before she learned of Mr. Allen's affair with Soon-Yi.)

Jean Dourmanian, Mr. Allen's producer, predicts audiences will not connect

MEANWHILE

art and life in "Mighty Aphrodite." She assured Entertainment Weekly that the seven Oscar nominations for last year's "Bullets Over Broadway" laid to rest any controversy over Mr. Allen's personal problems.

But it was the correspondence between Mr. Allen's work and Mr. Allen's life that made him so popular. He was the same man in both. He wore the same clothes, ate at the same restaurants, thumbed the same paperbacks, admired the same music, hated the same mother and dated the same women.

Artists, certainly, do not all have ad-

mirable lives. But what makes Mr. Allen so irretrievably creepy is the way he keeps revising his image in his movies while denying that his movies are about himself.

"People are always drawing these crazy parallels between my life and films," he told the Toronto Star in April. "The creative process is just that. It's not about biography."

He still insists in interviews that he never behaved badly. "There was nothing, you know, that I did that was wrong. I was the wronged person." Since it wasn't as obvious to everyone else as it was to him that he was the victim, he has turned his films into an endless rebuttal.

Mr. Allen scorned Hollywood but is now a textbook example of Hollywood excess. He permits himself everything. Decades on the couch have numbed his moral sense, transforming outrageous betrayals into fascinating symptoms and promoting his own satisfaction as the highest ideal.

I think I'll do without Woody Allen. As he says, the heart wants what it wants.

New York Times Service



LETTERS TO THE EDITOR

Job Solutions

One of the most alarming problems in Western Europe is the high and persistent unemployment rate among young Europeans. This is, however, not a new economic and social phenomenon. The labor market for the young has not changed much since the 1980s.

The solution back then seemed to be an enhanced level of general education, an increased number of university graduates and a general improvement in language skills. The latter especially received special attention from the European Union.

What happened? The programs were an immediate success: thousands of young Europeans have studied abroad. We now have the prerequisites of labor mobility, but we are still awaiting their effects on unemployment. It is therefore vitally important that the EU take advantage of the ameliorated situation.

At least two tasks lie in front of us. European employers should be informed of the new labor situation and encouraged to use it. Qualified people could be found in other countries. With their intra-European experiences, they can pave the way for a more dynamic business environment.

Furthermore, they will put downward pressure on salaries and open up national labor markets. Information about available jobs should be improved. A European employment agency should be built, perhaps in the form of a simple database, providing information to the flexible and mobile young work force of Europe.

FREDRIK FLOREN, Lund, Sweden.

Go East, NATO

Regarding "Yeltsin Saves An Expanded NATO Would Mean War" (Sept. 9).

The NATO countries should not listen to the verbal abuse and saber rattling by the president of the Russian Federa-

tion, who threatens the world with war in case of NATO expansion into Eastern Europe. A strong North Atlantic alliance is the only guarantee of lasting peace in Europe and in the world. The weakening and retreat of NATO from any part of Europe would encourage warmongers.

If not for the NATO alliance, Soviet Russia would have been able to dominate most of Western Europe in the decades after World War II. But the détente that ensued, following the establishment of the North Atlantic Treaty Organization, did not remove the justified fear of the Soviet empire.

If we are now free of that fear, it is because of the solidarity that the West European countries demonstrated during those decades.

The expansion of NATO into Eastern Europe is not a threat to Russia — and Mr. Yeltsin is, no doubt, no less aware of this than the rest of the world — nor does it threaten any other country whose government and citizens behave in a civilized manner.

Its expansion can do nothing but protect these countries from the only superpower in Europe, Russia, which has not yet abandoned its imperialistic habits and appetites.

MIROSLAV LABUNKA, Munich.

Cuban Apartheid

It is with amazement, sadness and frustration that I observe informed and intelligent people calling for an end to the U.S. embargo against Cuba and claiming that such action by the United States will lead to untold benefits for all involved. Where have these people been for the past 36 years? During the apartheid era, politicians, celebrities, intellectuals and numerous activists engaged in a well-organized campaign to bring an end to that inhuman system.

Fidel Castro has been perpetuating his version of apartheid, based not on the col-

or of one's skin but of one's moxie, on his own people. If a Cuban citizen has U.S. dollars, he or she can purchase all kinds of goods, including those made in the United States, at "special" stores that accept only U.S. currency.

The Castro regime purchases these goods through its front companies and sells them at a healthy profit, but only to those with dollars.

Has the concept of double standard been forgotten or do human rights in Cuba simply lack enough importance for the rest of the world?

FERNANDO C. DE AGUIERO, Coral Gables, Florida.

On the Road

As an American living in Germany, I have been outraged at the treatment that Americans and other foreigners seeking a reciprocal driver's license receive at the hands of the German government. I have also been bemused by the arguments of Germans who favor the new laws.

I think these arguments make it clear what kind of arrogant and stubborn attitude foreigners face in Germany. Many Germans state that the laws are for "the public safety." I would be most interested in seeing any statistical evidence that proves foreigners on German roads are any better or worse drivers than Germans.

More to the point, I would like to ask any German who believes a German driver's license is the mark of a superior driver if he or she has actually driven lately on a German road.

The German drivers I see are inconsiderate, take foolish chances overtaking on two-lane roads, routinely speed and don't seem to know what a safe following distance is.

This whole driver's license nonsense is more about money and xenophobia than the quality of drivers on the road.

KURT MARSHALL, Hannover, Germany.

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Style



Art-inspired fashion, from left: Gijs Bakker and Emmy van Leersum, Jean-Charles de Castelbajac and Saint Clair Cemin, and Yves Saint Laurent's Mondrian dress.

Belgian Designer's Walk On the Urban Wild Side

International Herald Tribune

ANTWERP — If there is such a thing as Belgian fashion, it is here in this tiny town of step-roofed Flemish houses, linear modern buildings and a beige-and-brown clad bourgeoisie.

Well, forget all that when it comes to the gutsy, techno, urban-agro designs of Walter Van Beirendonck, whose label is an ironic take on the designer's name: W. & L.T. for Wild and Lethal Trash.

"I don't feel like a Belgian but like a European," says Van Beirendonck, 38, wearing an orange felt jacket, knuckles full of hefty finger-rings as he sits in a studio filled with shelves of brightly colored toys.

The burly, bearded designer might claim to be a citizen of cyberspace, for he has a futuristic, zapping-and-surfing style that is in contrast to the quiet designs of the "Antwerp Six." This group included fellow designers Ann Demeulemeester and Dries Van Noten with whom Van Beirendonck graduated in 1980 from Antwerp's royal Beaux-Arts Academy, where he now teaches fashion students.

The vital, virile, violent W. & L.T. show staged during the Paris menswear season expressed a future shock. That came not just in the clothes — inflatable rubber jackets in fluorescent colors or computer and hologram prints — but also in the way they were mixed together and in the presentation. Models wore dayglo Afro wigs clipped like crazy topiary, sported slogan messages (mostly unprintable) and crashed off-stage, blinded by animal face masks. The result was a troubling but exuberant show that proved a commercial hit for Mustang, the German jeans company which backed W. & L.T. in 1994.

"I am trying to transmit a positive attitude to the world in general, with the humor that is always in the collections, the messages and the aggressivity," Van Beirendonck says.

The kitsch, colorful, innocent, occasionally lewd and sometimes threatening toys lined up behind his work table catch the essence of the clothes. A funky plastic poodle butts up against a robotic space invader; rubber frogs, plastic Mickey Mouse, pig masks from the show, doe-eyed Disneyesque versions of his fetish Bambi and sweet images of bull terriers. Those are souvenirs of the real dog Sado (as in S & M) which became the company mascot but died two years ago.

Why toys? "I was fascinated by the way they looked and the colors, the mix of the serious and authentic," says Van Beirendonck. "I started to collect them and suddenly they became important."

The eclectic collection is just part of his inspiration. Each season, Van Beirendonck puts together a scrapbook of images, from African natives to cartoon characters or photographs of the performing artists in animal masks that triggered the menswear presentation.

Or Heidi. The Swiss miss featured in Alpine scenery on raunchy photoprint T-shirts. To Van Beirendonck, she represents the dark side of a supposedly innocent tale of a young girl living on a lonely mountain with elderly grandfather and lurking goatherd. He sees it as a metaphor for the "horror" behind apparently normal life. His own childhood — his father owned a garage in a small Belgian town — was a lonely time when he felt forced to study rather than do creative drawing.

His collection comes from drawing the silhouettes that emerge from their images he has accessed. Then comes color and finally the choice of fabric. The modernity of his style comes in the mix of the different elements: folklore fantasy print with urban graffiti message; shiny techno fabrics with soft, fuzzy nylon; sweet and sour colors; sportswear transformed into clubwear with a pattern of licking flames. Modern, too, is the fact that the clothes are explicitly sexual.

yet unisex. (In fact, 60 percent is officially menswear).

These are not clothes that parents are likely to choose for their kids. And there is the story. Heiner Sefranek, managing director of Mustang, said at the Paris menswear exhibition that he invested in Van Beirendonck because jeans had lost their rebellious edge. "Jeans were once a symbol of protest, but nowadays they are worn by all classes and ages — not to protest against the establishment," he said. "Clothing has become part of the youth culture, like music. Young people want to wear something that defines them as different and that articulates their attitudes."

Van Beirendonck's clothes are raunchy, funky, irreverent and energetic, with a lot of aggro and attitude. Seven years ago, he drew a comic book (including caricatures of his fellow designers) in which the forces of color zap! and powl their way against the gray citizens of his home city. He seems to be winning. For there in the Wildevaart area of Antwerp is a window devoted to a model in lime-green rubber boots with matching nylon T-shirt, wig and mask. A fashion alien has landed among Belgium's polite, practical, beige sportswear.

Suzzy Menkes



Walter Van Beirendonck says he's "trying to transmit a positive attitude to the world."

Cool Catalogue: A Fine Arts Look At Street Style

By Suzy Menkes
International Herald Tribune

BRUSSELS — The fashion crowd fought its way through a futuristic forest — plastic fronds draping heads and winding around designer dresses.

"As you come into the exhibition, I wanted not clothes but the idea of works of art hanging on your back," said Michèle Lachowsky, the curator of a fascinating, original and avant-garde exhibition that opened at the Palais des Beaux-Arts in Brussels last week.

"Mode et Art 1960-1990 — 'Fashion and Art' — is the title of a museum show that wraps together its two subjects as deftly as Christo parceled up a bridal gown and train.

His 1967 wedding dress makes a dramatic centerpiece to an exhibition that puts Keith Haring's graffiti body-art beside tribal totems of street style and allows modernist designers to make art displays out of their creations.

The Brussels museum has come up with an original concept that takes fashion display fast forward from the more familiar historical record of dead people's clothes.

"It's very strong — there is nothing dusty about it," said Azzedine Alaïa, whose contribution is a body-conscious dress with immense crinoline skirt turning in perpetual motion, a display originally created for the bicentennial of the French Revolution by the design impresario Jean-Paul Goude.

The intellectual concept of the exhibition is to demonstrate visually that fashion is part of general culture and that its movements run parallel to fine art.

So the show opens with plastic, metal or geometrically cut dresses by Pierre Cardin, André Courrèges and Paco Rabanne in the 1960s, all expressing the same principles of space, light and volume as works of art: the hanging plastic fronds created by Rafael Soto in 1960; or a 1962 sphere by François Morellet sculpted in steel mesh.

Other works, like a collage of a lingerie counter by Claes Oldenburg (1962) and Jim Dine's surreal corset and shoes (1965), resonate in later fashion exhibits of Jean Paul Gaultier's conical bra or Issey Miyake's molded plastic bustier.

The exhibition is far deeper and more complex than the simple idea that fashion designers can be inspired by art (as in a print after Gustav Klimt or using Cézanne's colors). Urban aggression and tribalism is ex-

pressed in Vivienne Westwood's post-punk collections. The art connections are the graffiti paintings of Jean-Michel Basquiat and a striking mosaic of urban and ethnic images by Gilbert & George.

According to co-curator Florence Müller, those exhibits are also demonstrating that graffiti left the subway walls and reached the art galleries, just as in fashion, street style has been absorbed into designer fashion.

Obvious links between fashion and art are a dress printed with a Campbell's soup can by Jean-Charles de Castelbajac in 1984 (Warhol's pop art revisited); and Yves Saint Laurent's geometric 1965 dress inspired by Piet Mondrian.

"That is the idea of a work of art leaving the walls and being worn," says Müller. "But the Mondrian dress is not just using a motif, but reflecting the art in the cut and volume."

The exhibition is visually striking, with a bold display from Comme des Garçons, where models lying against a wall echo an Yves Klein painting of an attenuated blue shadow.

What will the public make of it all? Without studying the intelligent fashion history essays in the Mode et Art catalogue, the show may seem stimulating but confusing.

The links are evident between Jean Paul Gaultier's ironically sexist designs and Cindy Sherman's woman-as-sex-object photos. But what exactly is the message of a bunch of couture clothes from John Galiano's neoromantic crinolines through Christian Lacroix's decorative designs with historical references? If this section illustrates post-modern sampling from the past, it could use fine art alongside to make the point.

But the show works well as a catalogue of cool. The opening was even a conceptual art event, as a parade of models with gauze-banded faces modeled clothes by Martin Margiela, the only Belgian designer to make the show.

"The whole idea is terrific. It only proves that the word fashion is used in so many ways," said Jean-Paul Goude, one of the large Paris contingent who came for the opening.

Amy de la Haye, a costume curator from the Victoria and Albert Museum in London, also praised the show for its "zip and panache." She said: "I think it is exciting and interesting that a fine arts museum is recognizing the popular appeal of dress."

BOOKS

PANAMA

By Eric Zencey. 375 pages. \$24.
Farrar Straus & Giroux.
Reviewed by Jonathan Yardley

THIS novel by a little-known writer is a genuine rarity in contemporary American fiction: a serious entertainment. It is the story, largely if not entirely believable, of a few weeks in the life of Henry Adams, the historian and memoirist. It is set mostly in Paris and takes place in 1892, a time that was critical both for that city and for Adams himself: for Paris because a scandal over the finances of the Panama Canal threatened to bring down the government, for Adams because he was in a long period of emotional and professional drift following the suicide seven years earlier of his wife, Clover.

If this seems unlikely material from which to extract a novel, much less a detective story, that only makes Zencey's accomplishment all the more noteworthy. The suspense he creates is entirely genuine. It begins with the disappearance

of a young woman whom Adams has befriended and moves rapidly along through a succession of encounters with ranking politicians, various police officers and sleuths, and shady characters of unknown purpose. By the same token, the novel also sends Adams on a voyage of self-regeneration, one that leaves him prepared at the end to write "Mont-Saint-Michel and Chartres," as well as engaged with questions about the new industrial world that in time he would confront in "The Education of Henry Adams."

Readers who share my uneasiness about fiction into which actual historical characters are introduced no doubt will come to "Panama," as I did, with a certain wariness. At times this is warranted, chiefly when "Henry Adams" does things that one finds it difficult to imagine Henry Adams doing. The same goes for the many other historical personages who play parts in this story, among them Ferdinand de Lesseps, Georges Clemenceau and John Hay. But for the most part Zencey declines to turn figures of history into mere figures

of fun; he is more interested in using fiction as a way of understanding them than in capitalizing, à la "Ragtime," on the cleverness of it all.

The narrative begins with Adams, in Panama, being drawn to a photograph of a dozen ranking officers of Compagnie Universelle, the French Panama undertaking that had gone bankrupt some years before, the unsavory conduct of which is only now coming to light.

In particular he is drawn to the chief engineer, with whom he imagines he shares a bond not merely of widowhood but of being "victims of the same thing, the same ineluctable force," which he describes as "the swelling mass of middling sort of men, the sort who every day came to greater prominence, the sort who were more and more becoming creatures of force, constrained from without by a logic that was necessary and irrefutable, at least on the ground on which they encountered it."

Adams, "outpaced by a world that no longer seemed to need his kind," is prisoner of a changed world: "More crowded, less tolerant, less forgiving, less artistic." He is an old-fashioned man who is a misfit in the coming age, the age that worshipped the secular gods of coal and steel. As he writes:

"Today's polity is different from that of half a dozen centuries ago, and so then are its gods, its saints, its acolytes: steam and coal encourage the elevation of men born in their likeness. Fanatic, amoral, incapable of perceiving ambiguity, Unconscious."

This is the Henry Adams of "The Education," but it is Zencey's considerable accomplishment to give him to us without ever spelling it out. In the epilogue with which Zencey tidies up the loose ends, he tells us that Adams is to write "Mont-Saint-Michel and Chartres" but does not even mention "The Education."

Zencey trusts his readers to figure out for themselves that this is what is taking shape.

It is no exaggeration to say that the mystery of Adams' young friend's disappearance in time sheds light for him on other mysteries both larger and deeper.

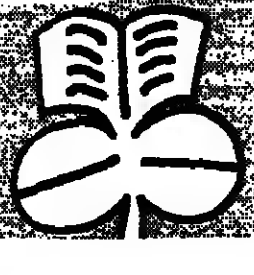
In the process of solving it, Adams is drawn out of his self-absorbed self-pity and reconnected with the world, even if it is a world he neither likes nor understands. Eric Zencey leads him along this path so surely and convincingly that one almost believes this to be true, indeed wishes it were so.

Jonathan Yardley is on the staff of The Washington Post.

WHAT THEY'RE READING

• Thaddeus O'Sullivan, the film director, is reading Patrick McCabe's "The Dead School."

"Moving from the post-revolutionary doldrums of Ireland after independence to the troubles, he explores the psyche of a country through the lives of his two main characters. A country's history in poetic fiction. Beautiful." (Roderick Conway Morris, IHT)



CHESS

By Robert Byrne

VISWANATHAN Anand smashed Garry Kasparov in Game 9 of the world chess championship. Game 9 was the fifth in which Kasparov played the black pieces, and in each one he has defended against

Anand's advance of the king pawn with the Najdorf variation of the Sicilian Defense. But each time Anand has selected the quiet, positional 6 Be2, the champion has avoided the Najdorf proper, 6...e5, in favor of the more restrained, more com-

on the queen's flank. Had Kasparov taken the pawn, Anand could have won his queen after 17...Qb4 18 Rb1 Qa5 19 Bb6. After 17...Qc7, Anand pressed on with 18 b5 Bd7 19 Rb1.

On 21...Ra8, Anand could not achieve anything with 22 e5 de 23 fe Nd5 24 Bd5 ed 25 Qd5 Qc2 26 Rb7 Qa4, but he kept up the attack with 22 e4. Kasparov made sure the f3 bishop was blocked off from the queen-side with 22...e5.

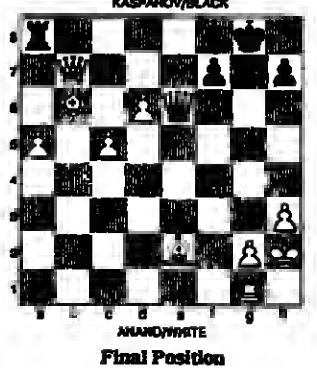
Anand made a bold bid to win the game by sacrificing rook for knight with 27 Rd5! Nd5 28 ed. As Lev Alburt said, "Kasparov should never have accepted the offer." But it would have been difficult to maneuver in such a cramped position. After 28...Qg6, Anand thrust forward his powerful queen's wing pawn majority with 29 e5.

Kasparov tried desperately to develop counterplay with 29...e4 30 Be2 Re5 31 Qd7 Rg5, but Anand calmly killed it with 32 Rg1.

The champion's last attempt to save himself was the little trap with 34...Qe6, which threatened 35...Rh3! 36 hg Qh3 mate. But after 35 Kh2, he realized that what he obviously meant to play — 35...Qe5 — could he cold-bloodedly ignored by 36 Qa8!, there being no useful discovered check. Thus, 36...Rh3 37 Kh3 Qe6 38 g4 flaily wins for White. Kasparov gave up.

This game copied the preceding four through 11...Re8, when Anand had previously played 12 Qd2 in Game 1 and 12 Bg3 in Games 3, 5 and 7. Now Anand reverted to a more heavily used in the 1930's, 12 Bf3. The idea is to keep the central pressure on so that Black cannot work for ...d5. But for years the accepted opinion has been that the move is passive and furthers no plan of attack for White.

Nevertheless, with 17 b4?, Anand lashed out to seize space



Final Position

SICILIAN DEFENSE			
White	Black	White	Black
Kasparov	Anand	Kasparov	Anand
1 e4	c5	18 Rb1	ab
2 Nf3	Qb6	19 Bb6	Rd5
3 d4	Qd7	20 Qd5	Qa4
4 Nc3	Qe7	21 e4	Qc7
5 Bc2	Qd7	22 e5	Qe6
6 Be2	Qe7	23 fe	Qd5
7 d5	Qe7	24 hg	Qh3
8 Bg3	Qe7	25 Qd7	Qe6
9 Qd2	Qe7	26 Rg1	Qe6
10 Kh2	Qe7	27 Rd5	Qe6
11 Re1	Qe7	28 ed	Qe6
12 Bf3	Qe7	29 e5	Qe6
13 Qd2	Qe7	30 Be2	Qe6
14 Bg3	Qe7	31 Qd7	Qe6
15 Qd2	Qe7	32 Rg1	Qe6
16 Bf3	Qe7	33 Qa8	Qe6
17 b4	Qe7	34 Qe5	Qe6
18 Bb6	Qe7	35 Qe5	Qe6
19 Bb6	Qe7	36 Qa8	Qe6
20 Qd5	Qe7	37 Kh3	Qe6
21 e4	Qe7	38 g4	Qe6
22 e5	Qe7	39 Qd7	Qe6
23 fe	Qe7	40 Qd7	Qe6
24 Bd5	Qe7	41 Qd7	Qe6
25 Qd5	Qe7	42 Qd7	Qe6
26 Rb7	Qe7	43 Qd7	Qe6
27 Qa4	Qe7	44 Qd7	Qe6
28 Qc7	Qe7	45 Qd7	Qe6
29 Qe6	Qe7	46 Qd7	Qe6
30 Qe6	Qe7	47 Qd7	Qe6
31 Qe6	Qe7	48 Qd7	Qe6
32 Rg1	Qe7	49 Qd7	Qe6
33 Qa8	Qe7	50 Qd7	Qe6
34 Qe5	Qe7	51 Qd7	Qe6
35 Qe5	Qe7	52 Qd7	Qe6
36 Qa8	Qe7	53 Qd7	Qe6
37 Kh3	Qe7	54 Qd7	Qe6
38 g4	Qe7	55 Qd7	Qe6
39 Qd7	Qe7	56 Qd7	Qe6
40 Qd7	Qe7	57 Qd7	Qe6
41 Qd7	Qe7	58 Qd7	Qe6
42 Qd7	Qe7	59 Qd7	Qe6
43 Qd7	Qe7	60 Qd7	Qe6
44 Qd7	Qe7	61 Qd7	Qe6
45 Qd7	Qe7	62 Qd7	Qe6
46 Qd7	Qe7	63 Qd7	Qe6
47 Qd7	Qe7	64 Qd7	Qe6
48 Qd7	Qe7	65 Qd7	Qe6
49 Qd7	Qe7	66 Qd7	Qe6
50 Qd7	Qe7	67 Qd7	Qe6
51 Qd7	Qe7	68 Qd7	Qe6
52 Qd7	Qe7	69 Qd7	Qe6
53 Qd7	Qe7	70 Qd7	Qe6
54 Qd7	Qe7	71 Qd7	Qe6
55 Qd7	Qe7	72 Qd7	Qe6
56 Qd7	Qe7	73 Qd7	Qe6
57 Qd7	Qe7	74 Qd7	Qe6
58 Qd7	Qe7	75 Qd7	Qe6
59 Qd7	Qe7	76 Qd7	Qe6
60 Qd7	Qe7	77 Qd7	Qe6
61 Qd7	Qe7	78 Qd7	Qe6
62 Qd7	Qe7	79 Qd7	Qe6
63 Qd7	Qe7	80 Qd7	Qe6
64 Qd7	Qe7	81 Qd7	Qe6
65 Qd7	Qe7	82 Qd7	Qe6
66 Qd7	Qe7	83 Qd7	Qe6
67 Qd7	Qe7	84 Qd7	Qe6
68 Qd7	Qe7	85 Qd7	Qe6
69 Qd7	Qe7	86 Qd7	Qe6
70 Qd7	Qe7	87 Qd7	Qe6
71 Qd7	Qe7	88 Qd7	Qe6
72 Qd7	Qe7	89 Qd7	Qe6
73 Qd7	Qe7	90 Qd7	Qe6
74 Qd7	Qe7	91 Qd7	Qe6
75 Qd7	Qe7	92 Qd7	Qe6
76 Qd7	Qe7	93 Qd7	Qe6
77 Qd7	Qe7	94 Qd7	Qe6
78 Qd7	Qe7	95 Qd7	Qe6
79 Qd7	Qe7	96 Qd7	Qe6
80 Qd7	Qe7	97 Qd7	Qe6
81 Qd7	Qe7	98 Qd7	Qe6
82 Qd7	Qe7	99 Qd7	Qe6
83 Qd7	Qe7	100 Qd7	Qe6

Telecommunications

The Race Is On to Wire Emerging Asian Nations

By Kevin Murphy

HONG KONG — A recent World Bank study of Asia's infrastructure needs warned that the region, excluding the Indian subcontinent, would need to spend up to \$1.5 trillion on roads, railways, telecommunications, power, water and sewage systems in the next decade.

The bank warned, too, that without more flexibility in encouraging private sector investment, few of the new facilities could be built, with serious consequences for continued strong economic growth and social stability.

But in Asian telecommunications development, at least, that message has already been taken to heart by governments, the industry and investors alike. Experts say that most planners now understand that telecommunications, like railways in the 19th century, is the key to further economic development.

But understanding is one thing. Finding \$256 billion to invest in telecommunications by 2004, the figure cited in the World Bank study, is quite another.

"Each of these markets is exploding," Kenneth Warnock, executive director of Nynex Network Systems in Hong Kong, said. Although the number of telephones per household in the region remains "very low," he said, "governments have made telecoms a high priority. They know they need to develop to fuel economic growth."

A region-wide scramble to provide the most basic phone services to billions of people now without them is under way alongside a race to install the latest tech-

nological advances for commercial and relatively wealthy individual users.

But slowing the rush is concern about how established companies and new ones will find the money to bring Asia up to speed with more developed markets.

"The golden rule in Asia is 'Who finances, wins,'" Andrew Harrington, an analyst with Salomon Brothers in Hong Kong, said. "There are lots of projects out there now, but many of them have yet to secure their funding."

From 1993 to 2000, four times the number of lines will be installed in Asia as were in 1982 to 1991, he said. "The funding gap will be enormous, there are more projects competing than ever before and even the equipment suppliers are getting choosy about extending credit."

From Australia to China and westward to Pakistan, industry rules have been, or are being, rewritten. Private-sector system operators are bidding for franchises, and once-doddering state-owned monopolies are facing fierce competition to improve their performance.

The enormous hunger for capital equals the demand for technical skills and modern equipment, but owing to still-evolving government policies on foreign investment, global communications giants seeking entry to new markets face mixed prospects for success.

"You are seeing varying degrees of liberalization, privatization and foreign involvement in almost every market," Mr. Warnock said. "Five to 10 years ago you saw almost none."

Among infrastructure investments, telecommunications offers some of the highest and quickest returns on capital, but individual governments are still weighing a variety of at times uncomfortable options for tapping investor excitement.

"For pure growth in new lines, you've got to come to Asia," said Mr. Warnock, whose company faces new-line installation growth of only 2 percent to 3 percent in its home market in the northeastern United States. "But foreign operators aren't going to invest without decent returns and some control over the project."

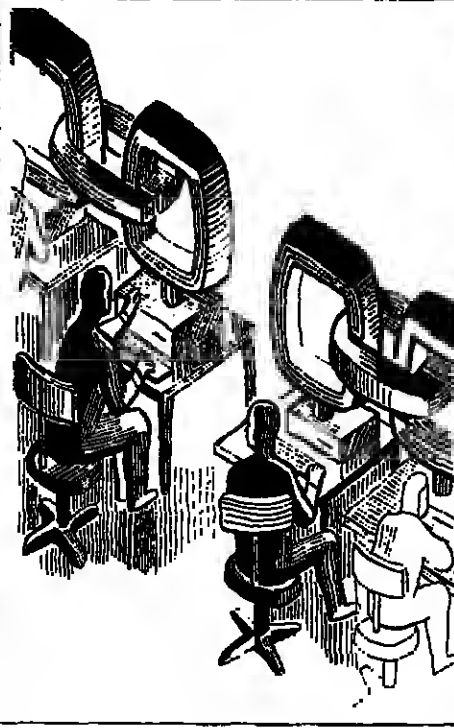
In India, where only one person in a hundred has access to a phone, and not

Continued on Page 16

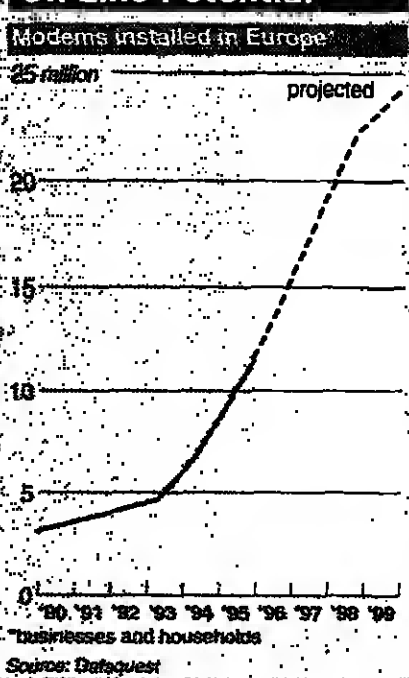
Asian Telecom Spending

Investment projected 1995 to 2004	
China	\$147
Indonesia	\$22
S. Korea	\$10
Malaysia	\$8
Philippines	\$7
Thailand	\$6
China	\$193
India	\$14
Estimated annual investment, % GDP	
China	1.6
Indonesia	1.6
S. Korea	0.7
Malaysia	0.8
Philippines	1.2
Thailand	1.2
China	1.2
India	1.2

Drawing by David Sauer



On-Line Potential



Source: Dataquest

Europe Lags In Quest for Cyberspace

But Big Firms Lured By Developing Market

By Peter H. Lewis

Dozens of companies on both sides of the Atlantic are maneuvering to get Europeans wired to cyberspace. With 320 million households — three times the number in the United States — Europe is an alluring market for companies seeking to capitalize on the two biggest high-tech growth markets: home personal computers and on-line information services.

Computer sales are soaring in European homes, but the on-line market shows no signs yet of matching the rapid growth seen in the United States, analysts said. At last count more than 8.5 million Americans had subscribed to commercial on-line systems, and 5.8 million more had wired their businesses and homes to the Internet.

The largest commercial on-line networks in the United States are America Online, with 3.5 million users; CompuServe, a division of H&R Block, which claims 3.4 million; and Prodigy, jointly owned by International Business Machines and Sears, Roebuck & Co., which has 1.2 million.

Of the "big three," only CompuServe has any significant international operations. America Online has signed an agreement with Germany's Bertelsmann AG and is rumored to be courting British Telecom PLC, but so far America's biggest service has made no significant inroads overseas.

"In Europe, there are lots of announced plans but no action," said Mary Modahl, senior analyst for on-line services at Forrester Research, a consulting firm in Cambridge, Massachusetts.

"The active companies," she said,

U.K. Network Finds Barrier at Border

By Conrad de Aenlle

LONDON — Information travels along SuperJanet, a network that connects 60 or so British universities and other research institutions, faster than almost anywhere else on Earth. At its top speed of 155 million bits a second, it could transmit the contents of the London telephone directory in less than a tenth of a second.

Transmitting a Paris or Berlin directory would take much longer, though, because when a researcher hooks up with Continental Europe, information typically travels at just 2 megabits a second. And given the high cost that state telephone monopolies charge for access to high-speed data networks, the speed can effectively become zero.

The scientists and educators who use SuperJanet, and those who would like to use it but cannot, are learning a hard lesson of the Information Age: When modern technology confronts the ancient desire for national sovereignty, science often finishes second.

The beauty and promise of SuperJanet, which stands for Joint Academic Network, is that it allows researchers not only to send and receive information faster,

but to enter into new areas of endeavor that would have been impossible with older technology carrying information more slowly. Two such areas are three-dimensional imaging and multimedia conferencing, which involves two-way traffic in sound, pictures and data and is used for remote teaching.

SuperJanet is "significantly different from most university research networks," said John Crowcroft, a professor at University College London, one of the sites connected to it. For instance, he said, "we can take real live surgery and take a bunch of medical students from across the U.K. and they can watch the operation and ask questions of the doctor."

This requires a lot of information to be crammed into a transmission line, something achieved through the use of fiber-optic cable and computerized switching systems. But that is only half the battle: Because sound and video is being sent, and not static bits of text and graphic

material, there is also the task of getting it all there coherently.

This is where asynchronous transfer mode, or ATM, comes in.

Under the Internet protocol, the way most data and text are transmitted, "the bits flow down the system and get chopped up and put together. They can go fast or slow, it doesn't matter as long as it gets there in one piece," explained David Hartley, chief executive of the U.K. Education and Research Networking Association, known as Ukern, the nonprofit enterprise that operates SuperJanet.

With video, on the other hand, "it's very important that the bits get from me to you in the right order," Mr. Hartley said. The information has to travel at the same speed and be coordinated with the sound. The ATM protocol accomplishes this by altering the way information is sent, depending on whether conventional data or video signals are on the line.

Fourteen institutions are linked through the 155-megabit ATM protocol, while the other four dozen or so are joined

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TELECOMMUNICATIONS / A SPECIAL REPORT

How the Web Started, And Then 'Ran Away'

Robert Cailliau, a documentalist at CERN, the European Particle Physics Laboratory in Geneva, helped develop the World Wide Web, the user-friendly service that has largely been responsible for the explosion of interest in the Internet over the past year. He spoke about the development of the Web, and its future, with Laura Colby of the International Herald Tribune.

Q. How did the Web get started?
A. At CERN, we needed a documentation system that was better than the one we had. I was not at all aware of the Internet culture, my background is more in document processing. Both Tim Berners-Lee [a networking expert at CERN] and I had independently submitted a project for CERN to use hypertext in its documentation system. So I went to see Tim, and I was very impressed. He was one layer beyond what I wanted to do. I didn't think of going outside the CERN network, making it Internet wide. If that was possible, why try to do less?
Q. Hypertext had been around for some time, though.
A. All of these things were already in the air. At CERN, we bought a Next computer, which came with a very object-oriented system. We didn't have to rewrite all the computer codes every time we wanted to display an icon. It was very fast for developing the new software, and the user saw just windows and icons, instead of having to type long text commands.

Q. Did the reaction surprise you?
A. Nobody understood anything of what the impact was going to be. The Web was meant to let two physicists who worked in two different places collaborate: no e-mail, no copying. If there was a document, we could both see it, and we could both change it.
We had this thing which wasn't quite ready and everybody said it's great, let's go. There was an explosion — and it sort of ran away from us. But it was an explosion in the use of something that wasn't quite right.

Q. What was wrong?
A. It wasn't really ready. There were certain things that needed to be worked out, such as how to manage commercial transactions. How should the security on the network be done? We don't really know that yet. It's a bit like medieval times: Everybody has weapons and wears armor and hopes he doesn't meet someone who can stick a sword through him. You

can't really walk at night on the street and be safe.

Q. Is pornography a big problem?
A. Not really. First of all, there aren't that many people offering it. Second, it's not that easy to find. It's easier for someone under age to go to the corner bookstore than to find what's on the Web.

By the way, technologically we did have solutions for that. In the original design you could sort text by content type. It would be terribly easy to put it on your Web browser so it wouldn't do certain content types.

Q. Are you disappointed with the Web as it is today?
A. The Web today is far removed from the original goals — it doesn't do one tenth that the original could do. For one thing, it's no longer a cooperative work tool. We never thought of making any browser that wasn't at the same time a word processor. You would be in the Web, and we were constantly correcting things by typing over them. All this sort of facilities we lost. Instead, we have color images, which brings the world of advertising to you — sometimes too much.

What we at CERN basically didn't understand was that people would enjoy something that is so passive. There are still a few people out there creating, but most people are just surfing.

Q. What do you see as the lasting contribution of the Web?
A. Up until the Web, people used the computer to create paper. With the Web, you don't need more paper. You don't need to do pagination any more, you don't need to print out documents.

This change is like one that came about with the invention of the printing press. And like the change to paper publishing, its impact will be in many domains. It's going to be impossible to have education without the Web.

This will be a global sort of Minitel: You'll be able to get your telephone book, tickets, listings of films. Already I don't have to look in the newspaper anymore if I want to go to the cinema in Geneva. And it's all free — a bit like the post, where you pay for a stamp but can read the letter as many times as you want.

Q. Are you unhappy about the commercialization of the Internet?
A. Not really. It's just that we started on a machine that was far ahead of its time, and people ran away with it before we could fix it. Now we will have to wait for the original ideas to come back.

Managing the Risks and Promise of New Technology

By Carlo De Benedetti

We can't just sit back and observe the success of new technology. Change must always be governed and guided. If the digital revolution is obstructed or allowed to develop in a spontaneous but random manner, many of the benefits that the information society can offer, under certain conditions, will fail to materialize.

In a cabled world, where everyone can access knowledge and communicate without constraints of time and space, three major benefits are possible: the spread of economic growth; the spread of political and social systems based more closely on the principles of democracy and decentralization.

All these major benefits can emerge as we move from the old industrial society to the new model of the information society. But this transition is not an automatic process.

A number of not insignificant risks exist. When you can access information immediately, wherever you are, then you find yourself in an environment rather like that of a live television broadcast, with all the inherent risks of live television. Reactions are instantaneous, emotions prevail over analysis, the risk of confusion and the probability of error rise. Many decisions end up being taken out by the people with the

greatest expertise, but by the people with the fewest scruples, the opportunists, or simply the people with the best keyboard skills.

Computers have accelerated the globalization of our financial markets; they

safeguarding intellectual property rights. Unregulated change poses other risks, too.

In the new interactive world of multimedia, substance and context risk being submerged by communication, image and appearance.

We are all aware of the enormous power of television; in the multimedia world, the power of those who dominate the networks and media content could be even greater.

We have to prevent the formation or preservation of monopolies in the information society.

It is becoming more and more difficult to control the information in circulation. Even accurate information can have destabilizing economic and social effects under certain conditions.

Think of the Internet: it's an extraordinary communication tool, a mine of information for everyone; but also for terrorists, drug pushers and so on. How do you make knowledge available to everyone and simultaneously prevent information from being used for illegal, criminal or otherwise socially negative purposes?

When labor content consists chiefly of information, it can easily be transported via telematics channels. For example, Swissair's reservations and accountancy system is processed remotely in India.

If each state confines itself to regulating affairs within its own territorial boundaries and has no powers of external intervention, who will monitor what goes in cyberspace?

enable us to transfer capital from one corner of the earth to another in real time; they infinitely magnify visibility on financial opportunities and risks; they offer savers access to a broad range of investment alternatives.

But there's another side to globalization.

We all know about the market instability generated by the enormous mobility of capital. The stock exchange crises of 1987 and 1989 and this year's financial crisis in Mexico were certainly amplified by computerized capital transfers.

To prevent similar crises, the world's monetary authorities have introduced new rules and controls aimed at safeguarding capital mobility.

When and how will action be taken to regulate the movement of all the other immaterial commodities transported via computer network?

Regulating these flows will mean protecting the privacy and confidentiality of information; guaranteeing security against hackers who could be operating from terminals anywhere in the world;

If immigrant workers from Eastern Europe and the Third World continue to arrive in the EU countries while work continues to emigrate via computer network to other areas, what can be done about unemployment?

If information and knowledge become the key factors for economic growth and social development, how can we make sure they are available to everyone?

The U.S. administration is rightly concerned that America should not split into haves and have nots. But an equally justifiable fear is that the digital revolution could turn into, or be used as, an opportunity for the more advanced nations to consolidate their supremacy.

I think it is important to be aware of the need to guide the digital and multimedia revolution day after day. The information society is a goal that merits commitment and enthusiasm; but it also requires realism and competence.

All of us, civil servants, entrepreneurs, trade unionists, have important responsibilities to fulfill during this phase of construction and transition.

CARLO DE BENEDETTI, chairman of Olivetti SpA, is head of the G7 Business Round Table, formed by the Group of Seven industrialized countries to study the implications of the information society. This article is excerpted from remarks to the International Data Corp. computer forum in Paris last month.

Europe's On-line Potential Tempts a Range of Firms

Continued from Page 11

"include CompuServe, with about 200,000 members, and the Microsoft Network, which has slightly more than zero."

Despite the global fanfare for its debut in August, and its stated intent to become the largest international on-line network, Microsoft Corp.'s Microsoft Network, or MSN, is not expected to play a significant role in Europe this year.

"Microsoft itself will tell you they are weak in two points: They are not priced competitively and their content isn't very good," said Allen Weiner, who watches the on-line industry for the market research firm Dataquest, in San Jose, California.

Microsoft, based in Redmond, Washington, has said it expects to have 50 million MSN users worldwide in five years, and it has developed versions of MSN in more than a dozen languages.

Based on the current on-line environment in Europe, it may take a while for Microsoft and the others to build even a fraction of the customer base they envision.

Analysts cite a number of factors that make Europe a tougher market for on-line

services to reach. The main one is a fragmented telecommunications infrastructure that gives the state-controlled phone companies a virtual monopoly on services and keeps basic phone rates artificially high.

Compared with the United States, "the on-line costs in Europe are ridiculous, and pose a tremendous barrier to entry for on-line services," said Peter Krasilovsky, an analyst with Arlen Communications Inc., a high-tech market research company in Bethesda, Maryland. It costs £2.40 (\$3.75) an hour in Britain to connect with on-line services, compared with a maximum of \$2.95 in the United States.

"My sense is that the European on-line market is anywhere between three to five years behind the U.S. market," Mr. Krasilovsky said. "It is unclear whether the mass market phase now occurring in the United States will ever take place in Europe."

The true on-line market, consisting of people who use personal computers and modems to connect to commercial information services via telephone lines, consists of at most 500,000 people in Europe today, Ms. Modahl said, adding: "We're not seeing the explosive growth that we've had in the United States."

Mr. Weiner of Dataquest has a different view. "True, there really isn't much penetration of any on-line service in Europe, but I think the market is on the verge of exploding," he said.

The Bertelsmann-America Online partnership — the electronic publishing venture for Bertelsmann, code-named "One World" — is now being tested in Hamburg, Mr. Weiner said.

"Bertelsmann is one of the leading aggregators of content in the world, and it is particularly good at marketing," he said. "It stands to be a very strong service."

Germans have the highest number of computers and modems per-capita in Europe, he said, and the greatest need for convenience services like home banking and shopping because of their short business hours and high level of personal income and high percentage of homes with personal computers and modems.

The prospects of a rival system, Europe Online, based in Luxembourg, are less clear. The system is based on the Interchange on-line technology of AT&T, which last week announced that it was splitting into three publicly held companies and getting out of the personal computer business. Its on-line services, once scat-

tered throughout the AT&T bureaucracy, are being consolidated in the long-distance phone company, which will retain the AT&T name.

There have been technical setbacks as well. One of Europe Online's principal partners, the British publisher Pearson PLC, recently reduced its stake in the venture.

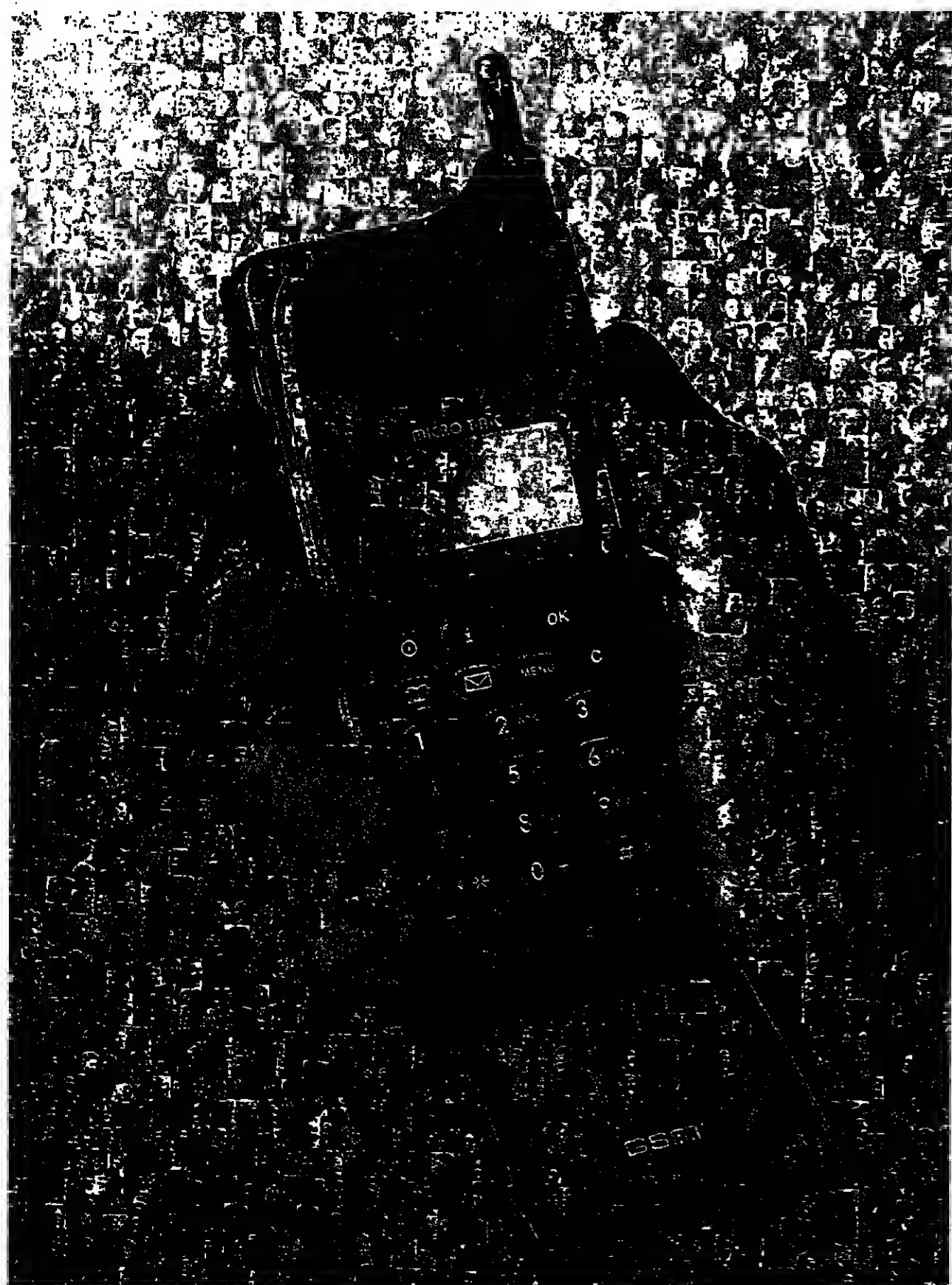
Despite the rather muddled outlook, "Europe has the advantage of sitting back and seeing what happens on World Wide Web," said Ms. Modahl. The Web, which provides interactive graphics, is the fastest-growing service on the Internet, and the American on-line companies are scrambling to redesign their systems to take advantage of it.

And the increasing popularity in Europe of fiber-optic cable television wiring, which can carry data at speeds hundreds of times faster than ordinary telephone lines, raises the possibility that cable companies, not telephone companies, may be offering less expensive high-speed access to the Internet and on-line services before long.

"Cable is far more likely to take off as Internet access in Europe than in the U.S.," Mr. Weiner said.

PETER H. LEWIS covers cyberspace for The New York Times.

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TELECOMMUNICATIONS / A SPECIAL REPORT

Europe Seeks a Lane on Info Highway

By Marc Ferranti

PARIS — Say the words "information superhighway," and an image leaps to mind of data and images rushing back and forth as users all over the world communicate with each other.

But what if big business, specifically American business, ends up turning the information superhighway into a one-way street? That is the concern of an increasing number of European companies trying to break into the business of providing information services and content. To them, the recent U.S. media mega-mergers and the near-supremacy of American computer software in the global market are worrisome signs.

"The question on everyone's lips is, 'Who will benefit from this technology revolution?'" Nicolas Sarkozy, the former French budget minister, said at an industry panel recently.

"Unfortunately, we are in a world where the big are eating the small — that is the threat," said Marco Landi, president of Apple Europe, the major overseas unit of Apple Computer Inc. "The European concern is that you may create this highway, and then have American cars."

The Clinton administration has been doing its best to try to persuade Europeans that the information superhighway — a term popularized by Vice President Al Gore — is not a Trojan horse created by U.S. corporations. Scott Blake Harris, chief of the U.S. Federal Communications Commission International Bureau in Washington, said there were "enormous opportunities in the market for European content here, particularly with the ability to pick out niche markets."

So far, though, it has been a difficult sell. "The potential is vaguely there," said Yves Blondeel, director of T-REGS, a consulting firm in Brussels specializing in telecommunications regulation. "But it will be better exploited by integrated media companies, and where do these exist? In the U.S."

Although analysts acknowledge that Europe does lag the United States in some key areas, such as entertainment software — 80 percent of the films playing on the Continent are made in America — there are pockets of strength.

Europe's telecom monopolies, for instance, have invested in high-capacity digital switching and transmission technology

"The European concern is that you may create this highway, then have American cars."

on a scale that their U.S. counterparts, operating in the competitive marketplace, have been unable to match. José van den Berg, an analyst at International Data Corp. in Amsterdam, notes that while 60 percent of U.S. phone systems are digitized, the Continental average is 70 percent, and in some countries, such as France, the figure approaches 100 percent.

Also, Europe's information giants are not standing still. Publishers Burda Verlag GmbH of Germany, Matra-Hachette SA of France and Pearson PLC of Britain were early investors in Europe On-Line, and Axel Springer Verlag AG also has signed up. Pearson also has teamed with the British

Broadcasting Corp. to distribute programs outside Britain, and smaller companies such as the Dutch television producer Endemol Entertainment are hoping to outmaneuver the giants by coming up with small-budget programs with a European slant.

There are also cross-regional alliances. Bertelsmann AG of Germany is working with America Online to expand the computer service in Europe, and Apple Computer Inc. has agreements with some 50 European software producers to extend the range of products for Apple's flagship Macintosh personal computer.

While industry insiders agree that the basic trends of regulatory reform and industrial convergence are similar in the United States and Europe, where the two regions diverge sharply is over philosophy.

"The basic difference between us and the Americans is clear, even in the different titles — information highway and information society," Stefano Micossi, the European Commission's director-general for industry, said. "Their emphasis is on the society. You may say big deal, but it points to a different approach."

"Whenever you talk to a union member, to a parliamentary committee or to a journalist about the information society in Europe, what he asks you is, 'Do we need it?'" he said. "Very clearly this is the attitude of public opinion, which is not behind this."

But some executives think that cultural differences are what may eventually bring the market around. "I think what the European people still want and will fight for is to preserve a European culture," said Mr. Landi of Apple Europe. "We see this as a business opportunity."

MARC FERRANTI is the Paris bureau chief of the IDG News Service.

Commercial Uses Strengthen the Net

Vint Cerf, a senior vice president of MCI Telecommunications Corp., is commonly called a cofounder of the Internet for his work in the late 1960s in developing the basic technology underlying it. Today he is closely involved in finding new commercial applications for the global network. Following are edited excerpts from an interview with John Burgess, technology editor at The Washington Post.

Q. The Internet grew up in the academic world and the government world as a nonprofit cooperative. Now we see it going commercial and a lot of people out there feel that the great traditions of the Internet will somehow go by the wayside. What's your view?

A. Well, frankly, once we began to see exponential growth in Internet usage, I always believed that it had to become supported on a business basis. I didn't see how the government could justifiably underwrite the costs for the network to be available to every man, woman and child to the United States, let alone the rest of the world.

My preference and belief was that we would wind up with a self-sustaining, commercially supported infrastructure into which all these products and services would fit. So I'm actually very comfortable with the idea that the network becomes a commercial service.

And I like the idea that people are able to make profit out of it because that is a wonderful incentive for maintaining and growing the system.

I also think it's very important that it be

in a competitive environment so that lots of people with good ideas have low entry costs and can prevent abuses from somebody who might try to monopolize the marketplace.

Q. What will likely be the change in services available on a commercial Internet? Part of the concern is whether the traditional educational services, access to libraries and things like that, would somehow be dropped.

A. I believe there is ample room in a commercial Internet for all of these things. Prices have been declining over time and I think that the competition will continue to either stabilize or drive those prices down. As the prices decline, more and more people will be able to afford to have access. And then for the ones who have still have trouble affording them, the subsidy won't be as expensive.

Q. Is there no danger that if it's only industry making these decisions that libraries and education and things like that will get short shrift?

A. In order for that prediction to be true, you would have to conclude that competition will not keep costs down. Competition will be the rule. So I don't believe that we're going to see those segments cut out. And to the extent that they need to be subsidized, I think the absolute declining cost of computer equipment and communications will make it easier for them to get support than otherwise.

Q. As we go forward, what is the proper role for government in the growth of the Internet?

A. The government has a responsibility to pay attention to the public welfare, the public good. It has a series of watchdog roles already. Fraud is something which can happen on the Internet just as well as it can happen on the telephone or in the postal service and the government should pay attention to that. But I don't believe that we need additional legislation to allow the government to pay such attention — it has already prosecuted people for fraudulent behavior on the network.

One of the other ways the government has helped is to assist in supporting things like the Internet engineering task force, which is the place where the technical evolution of the network takes place. It's also made it possible for the research community to continue to participate, and that's a very rich source of good ideas for new products and services and technical standards.

In intellectual property rights protections, the government has an important role to play, trying to establish agreements among different countries.

Q. Is there a role for government in deciding how much capacity is installed, what types of services are available, who should get them?

A. Absolutely not. It's the service community that offers Internet service that needs to pay attention to how much capacity is needed and how it's going to pay for it. That's why companies like MCI have made such big investments.

Security, Not Synergy, Is Fueling the New Wave of Media Mergers

By Lawrence Malkin

NEW YORK — When Walt Disney Co. announced in August that it would pay \$19 billion for Capital Cities/ABC Inc., analysts pointed out that the price was a whopping 22 times earnings — a lot to pay, even for the most successful U.S. television network.

But Michael Eisner, Disney's chairman, was quick to reassure investors that the purchase — and the \$10 billion in new debt Disney was taking on to finance it — would be worth it. As Mr. Eisner put it, "One plus one will add up to four."

Any schoolchild knows that arithmetic doesn't work that way. But this is the magical world of synergy — a Greek word meaning "combined action or operation," but used in business to imply the most positive aspects of a merger or acquisition.

This year's wave of multibillion-dollar mergers in the entertainment industry — Disney with Capital Cities/ABC; Westinghouse Electric Corp. with CBS Inc.; Time Warner Inc. with Turner Broadcasting System Inc. — is supposed to be about synergy. The melding of production and distribution is supposed to work wonders for profits, provide economies of scale, and — not incidentally — secure the jobs and stock options of the moguls heading the media empires.

But although the mega-mergers go against the current trend in American business — which, according to Labor Secretary Robert B. Reich, favors a "wider array of enterprises" creating "niche markets" and "specialized services" — they are just what the risk-averse entertainment industry wants.

"The Holy Grail of Hollywood has always been to devise some system in which

the risks could be minimized, the product pre-sold," says Neal Gabler, a movie critic and historian of the film industry.

The Hollywood studios were set up in the 1920s to provide "content" for their own huge chains of movie theaters. The system worked — until antitrust officials forced the studios to give up their captive theater chains in the 1950s. Twenty years later, the Federal Communications Commission kept them from gobbling up television networks by regulations called the financial interest/syndication rules.

Those rules, known as fin/syn, expire this autumn, and entertainment companies will once again be allowed to seek captive outlets for first runs, reruns, cable showings and international syndication of their product.

It is this search for security, more than any synergy, that is driving the current merger mania.

Conglomeration is a logical response, according to Jessica Reif, an analyst at Merrill Lynch, because the huge marketing base of a U.S.-style conglomerate permits equally huge expenditures on stars and spectacle that can be recouped in world markets.

Alan Schwartz, an investment banker at Bear, Stearns & Co. who has advised both Disney and Time Warner in different deals, says that the critical factor may turn out to be the international one. As new television channels open up outside the United States to replace what was dominant state ownership only a few years ago, media companies will need the marketing clout that only size can provide if they are to "get into these markets by offering a full plate of programming," he said.

This is the strategy that allowed Time Warner's cable companies and its Home Box Office network to dominate U.S. cable

TV 20 years ago, Mr. Schwartz said, and it is what Gerald Levin, Time Warner's chairman, had in mind when he sought an alliance with Ted Turner, chairman of Turner Broadcasting. Turner's movie channels in Asia and Latin America compete against Time Warner, which is also trying to expand in Europe and could use the Turner Broadcasting's Cable News Network and Cartoon Channel to strengthen its consumer package.

Only a few powerful operators will be able to girdle the world, Mr. Schwartz said, and the proof of this is that even Mr. Turner, "who is as good as anybody in seeing the future," was willing to form an alliance. "He realizes he has reached the limits imposed by size and can only grow as part of a larger organization."

LAWRENCE MALKIN is the International Herald Tribune's New York bureau chief.

U.S. Media Mergers

Leading media/communications mergers announced since 1990. In \$ billions.

Target Co.	Acquirer	Value
McGraw Hill	AT&T	\$18.92
Capital Cities/ABC Inc.	Walt Disney Co.	18.92
US West Inc.	AirTouch Comm.	13.50
NYNEX Corp.	Bell Atlantic Cellular Phones	13.00
Paramount Communications	Viacom Inc.	9.80
PacTel Corp.	Shareholders	8.63
Blockbuster Entertainment Corp.	Viacom Inc.	7.97
MCA Inc.	Matsushita Elec.	7.40
Turner Broadcasting System Inc.	Time Warner	6.87
Comtel Corp.	GTE Corp.	6.24
MCA Inc.	Seagram Co.	5.70
Westinghouse Electric Corp.	Investor Group	4.97
Sprint Corp.	Investor Group	4.67

Source: Securities Data

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TELECOMMUNICATIONS / A SPECIAL REPORT

Technology Helps Home Businesses Compete

By Wendy M. Grossman

LONDON — Chanterelle Translations is one of the many companies in London that translates documents for multinational clients into a range of languages, including from British to American English. Like any modern enterprise, Chanterelle uses a combination of computer, fax machine, modem, and electronic mail to communicate with clients, some of whom are as far away as New Zealand.

Unlike its bigger competitors, however, Chanterelle is based not in a fancy office in the City of London, but in its founder's home. And if clients perceive no difference between Chanterelle's service and that of the competition, its founder, Josephine Bacon, thanks technology.

"Computers have made all the difference in the world to my business," Ms. Bacon said. "It makes it possible for a small company to look big."

Ms. Bacon is part of a larger trend. A recent report by BIS Strategic Decisions, a market research firm in London, found the number of home businesses in Europe had posted slow but steady growth over the past few years, and sales of office equipment for home businesses were also growing.

In the United States, where home-based businesses are a more established part of the scene, sales of technology for home businesses — personal computers, telephones, image-based products and services — will top \$70 billion this year, a rise of 40 percent over 1992, according to BIS.

Of course, not all home-business proprietors can afford to invest in the latest technology. Ms. Bacon says that, faced with replacing her equipment, "the big drawback is cost." She says small companies may have an advantage, as "the larger agencies get stuck in a rut" because for them it is "such a huge investment to upgrade."

Audrey Choden, whose home-based company specializes in custom-designed employee training programs for medium and large American corporations, lives outside Kansas City, Missouri. Ms. Choden depends on outside services to supply word processing or desktop publishing expertise for her projects, which typically cover such subjects as customer service, sales, or finance.

"Since all of the people I deal with are usually in a different city or state, I rely upon phone, fax, and e-mail to get the work done in my own office," she said. "This means individual or conference calls with clients, faxing contracts and drafts back and forth with clients, using voice mail and e-mail to send and receive information, transferring computer files back and forth from sub-contractors and outside services."

"It seems like most of my time is spent transmitting information over phone lines," Ms. Choden said. "Without telecommunications, I could not maintain my home-based business. I would literally be spending most of my time traveling to see clients, subcontractors, and so on."

"Turnaround time would increase dramatically if I had to rely on the mail system, even overnight mail," she said. "Couriers are very expensive, too. I couldn't compete with other companies that are larger for the same business."

Ian Britton, production manager at Metro FM, an audio production company in Newcastle, England, has gone a step further up the technological scale. He uses a digital telecommunications system called ISDN, or Integrated Services Digital Network, to expand his business around the world.

Mr. Britton's company produces voice-overs, or off-screen narrations, for television programs and advertisements. He communicates over the digital network with a variety of voice-over artists, at least 25 of whom have their own home-based studios with mixer, microphone,

and a special device called a codec that is designed for digital transmission of broadcast-quality voice.

Using this technology, Mr. Britton can work from his home in northern England with artists all over the world by sending them the scripts and then calling them to record their voices over the digital telephone line.

If the artists need to see the video pictures to time their scripts, the video is sent to them by courier, and the standard TV time-coding technique is used to synchronize their videocassette recorder with the one the director is using.

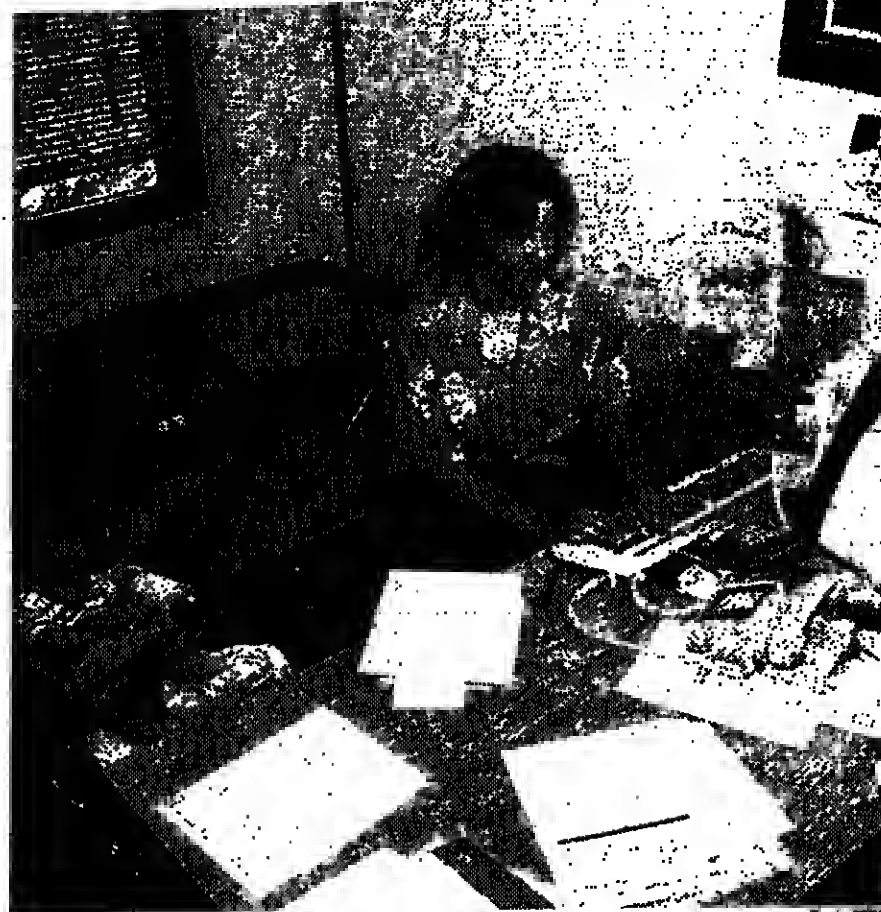
Because ISDN requires special equipment on both ends, Mr. Britton estimates the initial investment for the artists at about £10,000 (\$15,000) for the line and terminal equipment. But he figures a top voice-over artist nets about £1,000 a day, so the investment is paid back quickly.

Besides, Mr. Britton added, "these guys used to spend £20,000 a year" on travel. "They've saved themselves all the stress and cost of travel, and they can actually do more work from home, so they're doing eight, nine, or ten sessions a day."

For Mr. Britton, the technology affords access to a broader variety of artists, and that, in turn, allows him to give his clients better service. For instance, he can use an American actor when a script calls for an American accent, rather than having to hire a British actor to imitate trans-Atlantic speech.

But perhaps the greatest advantage for Mr. Britton, as for many home-business proprietors, is the ability to work where he chooses without sacrificing the quality of his career. "Years ago, you had to be in London to be in this business," he said. "Someone in Newcastle, or anywhere else, 'couldn't compete.'"

WENDY M. GROSSMAN is a journalist in London who specializes in technology topics.



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LONDON — The fastest modems can transmit between 28,800 and 34,000 bits of information per second — enough for most everyday needs, like sending a document from one personal computer to another.

But the next step up in speed, capacity and flexibility is ISDN, which stands for Integrated Services Digital Network. This type of digital connection is offered by most telephone companies in Europe and North America, although on a limited basis.

Several problems have prevented ISDN from becoming widespread: battles over standards, inconsistent availability of the service, high installation costs and confusion over the types of equipment needed.

Nonetheless, ISDN is an important advance for shipping around large volumes of data, and even small businesses may benefit from using it.

What you get when you buy ISDN service in Europe is two channels that can carry data at speeds of 64 kilobits per second each (in the United States channels are 56 kilobits per second).

Unlike ordinary voice lines, these channels can be aggregated, or collected together, to send data at higher speeds, and you can add more channels as needed. This is overkill if all you do is send electronic mail, but for large volumes of data like full-motion video, broadcast-quality sound, or even some high-end graphics files, ISDN can save hours.

Whereas a modem converts the data stream to analog for transmission over the phone lines and then back to digital on reception, ISDN is a digital connection throughout, theoretically cutting out problems like line noise.

Just as a modem has to connect to another modem, both parties to an ISDN communication need an ISDN line and the right equipment.

File transfer, either directly between two computers or indirectly via a service which supports ISDN — as many European on-line service providers do — requires a card, or terminal adapter, that fits into a personal computer.

Other applications, like video conferencing, require equipment designed especially for the purpose.

ISDN-compatible fax machines are available, although they are expensive compared to standard machines.

Assessing whether ISDN will save you money is complex. First of all, while ISDN is potentially much faster, the basic two-channel service is only about double the speed of a top-speed modem.

Bill Pechey, chief engineering officer at Hayes Computer Products, which sells both modems and ISDN equipment,

Premium ISDN services are much faster than analog, but expensive.

says that in some applications ISDN may even be slightly slower because, while today's modems have data compression built in, ISDN does not — yet.

But modems can't do everything: There are as yet, for example, no voice coders of the kind used by voice-over artists that will work over a modem.

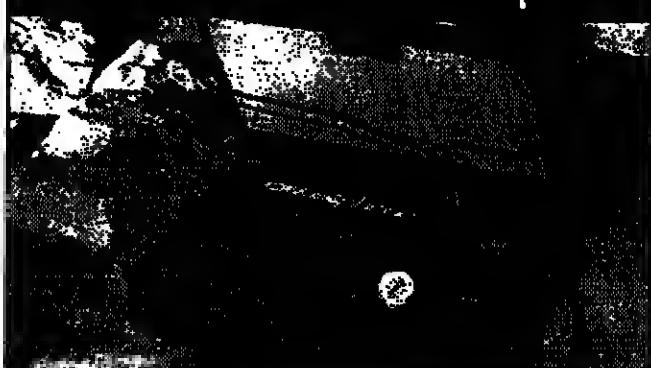
But the speed issue only takes into account savings in phone bills. Against that, you have to balance higher initial costs. Britain has the cheapest ISDN rates in Europe, but even there users pay a minimum of £400 (\$600) for the line, plus call charges, at standard rates within Britain but at higher prices for international calls.

The necessary equipment is more expensive than a modem, too: Hayes' terminal adapters are dropping in price from £560 to about £400, but even the lower amount would buy two top-speed modems today.

If the alternative is a leased line, though, the equation changes. For sporadic use, ISDN is cheaper, and it allows calls to multiple points instead of a single location.

Wendy M. Grossman

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TELECOMMUNICATIONS / A SPECIAL REPORT

Communications Stocks
Send Scrambled Signals

By Martin Baker

THE old Chinese curse — "May you live in interesting times" — seems to have parked itself on the doorstep of the world's telecommunications industry. The new deals, mergers, conglomerate break-ups, strategic alliances, changing regulatory environments, stock flotations, and ebb and flow of investment capital have combined to make the telecommunications sector the subject of constant speculation and heated debate among investment analysts.

The topics over which they argue naturally vary according to the country and the peculiarities of its industry. But the level of interest in telecommunications worldwide is particularly intense this fall.

The United States is possibly the most keenly analyzed of all. Recent developments in the industry afford a good example of how smart, well-paid executives can come up with apparently contradictory strategies all designed to bring about business success and better market share. The result has been confusion amounting to near-panic among some analysts and investors.

A few weeks ago it seemed clear that the way forward in cable, telephony and interactive media stocks was to grow — the bigger the better. There was a series of gigantic media mergers: Disney Corp. coupled itself to Capital Cities/ABC Inc., Westinghouse Electric Corp. paired off with CBS Inc., Time Warner Inc. and Turner Broadcasting System Inc. agreed to a deal.

And then AT&T Corp. announced that it was splitting itself up. The giant corporation with revenues of more than \$70 billion last year is becoming three companies that will provide the same range of services — from the manufacture of telephones and computers through provision of telephone and financial credit services — through separate and competing commercial entities.

It has been argued that the AT&T move was motivated by regulatory peculiarities. It would clearly be easier for a separate company to sell telephone equipment to local service providers after Congress has allowed AT&T to compete in local markets.

Others say that the real reason is financial. "AT&T took this step for a number of reasons. Undoubtedly one of them was to shake off the perceived discount that attaches to conglomerate stocks," says John Caridis, an analyst at Kleinwort Benson Securities in London.

James McCafferty, an analyst at ABN Amro Hoare Govett in London, argues that there is a systemic tension between industrial and investment-oriented logic in the sector.

"Consolidation might appear to be good news in terms of the market share it can

give you and the economies of scale and so on, but there is a drive towards realizing value for shareholders," he said. "If the institutional investors, some of whom are fund managers, want it, then managements will have to de-merge."

There is market talk that British Telecom PLC should break itself up along the AT&T model. But Mr. Caridis says that the commercial logic is not the same. "Manufacturing accounted for around one third of AT&T's business, whereas it is just £1 billion of BT's £23 billion annual turnover," or \$36 billion, he says.

However, it is widely expected among analysts that Cable & Wireless PLC, one of BT's competitors, will break itself up.

Simon Carrington, a telecommunications analyst at Smith New Court Securities, a subsidiary of Merrill Lynch, says that C&W is "a confederation of similar businesses, as opposed to AT&T, which was a conglomerate of three different businesses."

Mr. Carrington believes that inefficiencies in corporate management are being ruthlessly exposed by a British market that is "becoming increasingly competitive." Mr. Carrington's favorite stock of the moment is BT. Not because of any impending break-up, but because he regards the share's yield as attractive. He also believes that investors have factored most of the bad news surrounding the company into its current price and that the stock is nearing the trough of investor sentiment.

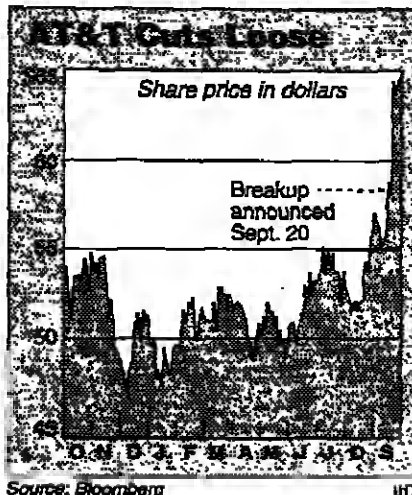
Much of BT's bad news takes a form that will be familiar to many players: Cut-throat competition and government regulation.

James McCafferty cites regulation and labor problems as the principal hindrances to further expansion of an already dynamic European telecommunications market. The much-postponed flotation of Deutsche Telekom AG is now scheduled for the last quarter of next year, he says, although union negotiations are one of the factors that may delay the offering.

Similar problems afflict France Telecom, which also may be sold by its government. But Mr. McCafferty says that the situation at the French company is so murky that it is impossible to tell when a privatization date will be set.

Other events on the European telecommunications calendar include the sale of the next group of shares of the formerly state-owned Dutch company, Koninklijke PTT Nederland NV, or KPN, due before the end of the year, and the offering of a further 15 percent of Telefónica de España SA, the Spanish company that has been well-received on the international bond markets for decades. There is also talk that Orange, a British telephone service provider, may seek to go public early in 1996.

Opening up a corporation's share register to the investing public also makes it susceptible to the whims of those investors,



argues Frederico Laffan, a Latin American fund manager at Foreign & Colonial Emerging Markets, a fund management group with some \$3.3 billion under management in emerging markets.

Mr. Laffan cites the behavior of the share price of the Mexican company, Telmex, as an example: "Foreign investors piled in to Telmex without paying much attention to the regulatory framework. Telmex is an incredibly profitable company with operating margins of 40 percent. The fact that investors bought without really knowing what they were buying and that some of them then sold is not a reflection on what is a well-run company."

Mr. Laffan sees some merit in the argument that telecommunications are the electronic infrastructure of today, and that money can be made in the sector. But, he warns, investing wisely is about taking a view that your evaluation of a company is better than that of the market and selecting stocks accordingly.

MARTIN BAKER edits the Money Report for the International Herald Tribune.

Monopolies Impede EU 'Highway'

By Michael Potter

IN London recently, a moral debate about the information superhighway was sparked when Dr. John Habgood, the Archbishop of York, warned of a "nightmare society" made up of a "lot of self-centered individuals" who occupy their day by sitting "in front of computers or television screens and

COMMENTARY

soaking their minds in increasingly violent or obscene entertainment, doing their shopping by tapping on a keyboard with no need at all ever to come to terms with other people."

In fact, this is nothing but an ethereal debate — because a European superhighway does not exist.

Today, there are more than 30 million people who surf the Internet. The majority of Internet users are located in the United States, where it can be argued that the information superhighway already exists.

I believe that the information superhighway is really a way of talking about low-cost access to telecommunications services.

The United States is not dramatically more advanced in computer technology than Europe. The United States simply allows consumers low-cost access to technology and telecommunications services.

What has gone wrong in Europe? More than two years ago, the European Commission passed directives requiring the national regulatory authorities to set cost-

based tariffs. Unfortunately, these requirements have not been imposed on the monopoly operators.

The European Commission, aware of these delaying tactics, has attempted to compensate by proposing new directives that demand full market liberalization by Jan. 1, 1998. Despite the positive intention of these efforts, effective full liberalization by 1998 is unlikely unless leadership at the national level comes forward at once.

Additionally, it is not perceived to be in the best interests of the governments that have ownership in the monopoly telephone companies — and certainly not in the interest of the monopoly operators themselves — to prepare quickly and effectively for competition by January 1998.

Governments must be forced to sell immediately their interests in the monopoly operators to eliminate conflicts of interest and establish true independence of the national regulatory authorities. Political will is necessary to rebalance tariffs to reflect costs which may bring about higher domestic prices in certain market segments.

To create a fair and level playing field, the monopoly operators must begin technical coordination with alternative carriers immediately in order to ensure full interconnect by January 1998.

The urge of monopolistic carriers, whose focus continues to be on maximizing revenues, will be to put such coordination off until after January 1998. Even if national regulators were motivated to force the monopolies to be proactive on these critical issues, most of the regulators do not yet fully comprehend

these issues. Until such coordination takes place on the Continent, an information superhighway will remain a myth.

Even if, mysteriously, these technical issues were coordinated and resolved tomorrow, there would still be a key issue that would remain unresolved: the underlying costs associated with interconnection and traffic trade.

NONE of the continental EU phone companies have complied with the EU directive that required — more than a year and a half ago — that monopolies disclose their accounting systems and underlying costs. The violation of this directive makes it unlikely that accurate interconnect and services pricing will be available by January 1998.

Most EU countries have not completely or properly transposed European directives into national law as required. One notable exception is Britain.

These persistent delays in opening markets translate into higher prices and fewer services for consumers. Every day that the leadership vacuum at the national level increases, so does the gap between the reality and myth of liberalization in Europe by 1998 and a European superhighway.

At the moment, the greatest moral violation is the fact that the monopoly operators continue to overcharge users while not delivering the superhighway for which they rhetorically pay so much lip service.

MICHAEL POTTER is the director of Esprit Telecom in Amsterdam.

A U.K. Network Grapples With Barriers to Growth

Continued from Page 11

through 34-megabit-a-second Internet protocol connections.

Ukema rents the fiber-optic network from British Telecom PLC under a four-year, £18 million (\$28 million) contract. Smaller companies contribute switching systems and other technology. Each research center is charged according to how much bandwidth it requires. Annual fees start at £50,000, which Mr. Hartley notes is a bargain. "If you price that bandwidth at the same rate as a regular telephone call," he said, "it would be astronomical."

BT is providing the service at less than its usual charge because it views the project as experimental, with the hope of using Super-Jet technology one day as the basis for, say, commercial networks to transmit interactive cable television programming. But

the phone company is not losing money on the deal. "The real price of moving bits around is zilch," Mr. Crowcroft of UCL said. No new fiber-optic lines had to be installed, as there are plenty to go around. The telecommunications industry will acknowledge, although not loudly, that there is already enough cable in the ground to handle all voice and data traffic many times over.

The trick for phone companies is not to install new hardware, but rather "to figure out how to move their business into being information providers," Mr. Crowcroft said. While BT seems to be getting the hang of it, its counterparts in Continental Europe are evolving along a slower curve.

Most national research networks on the Continent have been souped up from 2 megabits a second to 34, or else are due to be upgraded next year. The most advanced countries plan to move to Super-Jet's top speed of 155 next year.

Links between countries, however, continue to move at 2 megabits a second through a system called Europanet. Links with France are even slower, 512 thousand bits a second, because France does not belong to Europanet.

This can slow down the works considerably for British researchers, considering that one-fourth of Super-Jet's traffic is international. The slower speeds "mean we can't do the fancier things like moving multimedia around or sending 3D pictures," Mr. Crowcroft said. "You try doing that in Europe and you can't."

"Liberalization is working within countries to some degree, but across borders it's a different kettle of fish," Mr. Hartley said.

"The problem is basically political. It has to do with the attitude toward liberalization and changes in technology." The extent to which reasonably priced access to high-speed lines is available in Europe "is a

straight function of how far the liberalization of telecommunications has gone and how much competition there is."

The European Commission, the European Union's executive body, which has mandated that communications markets be deregulated and opened to free competition by 1998, sees things in much the same way. "Undoubtedly the fact of not having a liberalized market and not having a Europe-wide telecom operator has set back progress in this field," said Luis R. Rosello, who heads the division of the Commission responsible for academic research networks.

The Commission has set aside 30 million European currency units (\$38 million) to create the so-called TEN-34 network, Europe's first transcontinental broadband service, next year.

CONRAD DE AENLE writes about business and financial topics from London.



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TELECOMMUNICATIONS / A SPECIAL REPORT

Hong Kong Telecom, Its Monopoly Ending, Seeks New Ways to Compete

By Kevin Murphy

HONG KONG—Over the next 10 years, at least \$1 billion will be invested by three newcomers to Hong Kong's advanced but long-protected telecommunications market.

New ventures by three of the British colony's most powerful conglomerates covet a lucrative business now dominated by Hong Kong Telecommunications Ltd., the profits workhorse of its British parent, Cable & Wireless PLC.

Local customers will be offered an array of new services and, analysts say, lower prices as the three upstarts look for profitable market niches that can repay their massive outlays.

But the commercial battle will almost certainly leave no competitor unscathed, as a recent drop in Hong Kong Telecom's share price portends.

"Mutual-fund companies have dumped millions of shares in Hong Kong Telecom," David Barden, an analyst with Baring Securities in Hong Kong, said.

"The company can respond to increased competition by increasing value-added services like interactive video, but many investors believe it won't be that successful," Mr. Barden said.

With only 6 million people and one phone for every two of them, Hong Kong boasts one of the highest telephone penetration rates in the world.

The colony's role as an international

trading and financial center also ensures that its demand for long-distance calls continues to surge.

Over the years, a monopoly on domestic and international calls has allowed Hong Kong Telecom to build perhaps the most advanced network in Asia and to reap enormous profits. Hong Kong Telecom contributed 73 percent of C&W's operating profit last year.

But the company, Hong Kong's second-largest employer after the government and its second-biggest public company after the giant Hongkong & Shanghai Banking Corp., surrendered its 73-year monopoly on local calls in July and faces full-fledged competition on international calls in 2006.

The ensuing scramble for market share has touched off a buying spree for new technology and executive talent, sparked arguments over pricing relations between the companies, and brought consumers some instant reductions on international phone rates.

"We've known competition has been coming for a number of years and we think we're ready for it," said a spokesman for Hong Kong Telecom. "We won't really know until it happens, but we don't intend to lose market share too quickly."

New T&T Hong Kong Ltd., controlled by Wharf (Holdings) Ltd., New World Telephone, headed by New World Development Company Ltd., a real-estate developer, and Hutchison Communications, a unit of Hutchison Whampoa Ltd., have immediately served notice that life will be

more difficult for Hong Kong Telecom, despite its lock on international traffic.

The three groups all now offer international calls via "call-back" services where customers dial a special local number that automatically links them to a cheaper incoming call from overseas.

Hutchison's international service now charges 5.50 Hong Kong dollars (70 cents) a minute for calls to the United States if the customer accumulates 500 dollars a month

Three conglomerates are spending \$1 billion to carve pieces off Asia's most advanced telecom market.

in charges. New T&T's "call-back" standard tariff is 5.80 dollars.

Hong Kong Telecom now charges 6.80 dollars, after surprising analysts in July with a 21 percent price reduction on calls to the United States.

The announcement that it would cut its rates in an important area of its business focused investors' minds on the impact more competition is likely to have on Hong Kong Telecom's bottom line.

"We're not expecting a major financial impact that will destroy its franchise," said Mr. Barden. "But it's enough for us to

switch from a buy to a sell on the stock."

Since the end of its domestic monopoly on July 1, Hong Kong Telecom's shares have fallen by nearly 8 percent, while the benchmark Hang Seng index, of which the company's shares represent 9.55 percent, has risen by 3 percent.

New T&T aims to have 15 percent of the residential phone market in six to 10 years and 20 percent to 25 percent of the business market by its 10th year of operation. It expects to recoup a 6 billion Hong Kong dollar investment in eight to nine years.

Hutchison has earmarked 3.5 billion dollars in startup capital for its auspiciously named Network 8. The number 8 is supposed to bring good luck, according to local belief.

And New World will invest at least 2 billion dollars in the next three years as it builds its own system and begins to market services such as international call-back and transferable telephone numbers.

The three new companies on the scene appear to be targeting different areas of Hong Kong Telecom's business.

Hutchison is emphasizing the links it can form with a related and well-established mobile phone business. New World will target information and entertainment services, and New T&T is focusing first on new services and technologies for business users.

"Hong Kong has not experienced world-class customer service yet," said New T&T's president, Leslie Harris. "Winning new custom is easy. Keeping it and growing it is the real challenge."

Analysts are divided on how hard Hong Kong Telecom will be hit by aggressive competition, but all agree that the company's prospects are clouded unless it can move quickly to expand other areas of its business, most notably, its painstakingly developed links with the China market.

"China's telecoms market is not growing that quickly yet," said Mr. Barden. "But Hong Kong Telecom has the inside track for the time being."

Beijing has prevented foreign companies from operating telephone networks in China or investing in them — even though the country sorely needs investment in this area.

Meanwhile, Hong Kong Telecom remains a powerful adversary in its home market, preparing for the onslaught of competition by offering improved services and generally high technological standards.

THE local Telecommunications Authority has blocked attempts by Hong Kong Telecom to offer its own call-back service and major discounts to high-volume international call clients, but many of its established customers will be slow to transfer their business to rivals without good reason.

At the same time, the Hong Kong government estimates that total telecommunications revenue will double over the next decade as new-line installation grows by 6 percent to 7 percent and customers take advantage of value-added services.

The newcomers will depend on inter-

national calls for up to 70 percent of their new business over the next five years while they develop their local services, according to Mr. Barden.

He estimates that the new companies will have a 10 percent market share by 2000, worth about 2.2 billion Hong Kong dollars in revenue.

However, while its competitors slug it out for a small share of the local market, Hong Kong Telecom will be attempting to develop its interactive and video-on-demand services locally, as well as expand on beachheads it has established in other markets.

New T&T's related company, Wharf Cable, has a monopoly on local cable television service until July 1996 but has yet to meet its customer-base targets. Wharf maintains, however, that it will be able to offer a full range of interactive services before Hong Kong Telecom enters the fray.

Hong Kong Telecom has announced co-operation agreements with up to 50 companies that will help it bring services like home banking, home shopping, educational programming and video on demand, when allowed into the market.

"The way this market is growing, it will double in real terms in 10 years. The pie is getting bigger," said Alex Arena, Hong Kong's director general of telecommunications.

"It's always easier to introduce competition in a growing market," he added. "Do we guarantee success? No, but if they're good enough they will make it."

Asian Governments Enlist Public and Private Players to Build Infrastructure

Continued from Page 11

necessarily a working one, the national government has been a receptive audience for foreigners touting their technical expertise.

New Delhi recently approved 16 local and foreign joint ventures to bid for the right to install and operate fixed-line networks in 20 regions. It follows a similar procedure for establishing new mobile telephone networks.

In the Philippines, where phone installation hovered at less than three lines for every 100 people, far below world standards based on its per-capita gross domestic product, the government has come up with a novel, if not necessarily smooth-running, solution.

The installation of fixed-line systems was made a precondition of being awarded a license to operate more lucrative international connections services and mobile-phone operations, a strategy that should add millions of new lines to all parts of the island nation.

"The plans are ambitious and, if all are

completed, are likely to result in the infusion of \$5 billion in the Philippine telecommunications industry by 2000," a Salomon Brothers study of the market said.

Vietnam has awarded foreign companies lucrative incentives to install international access systems to replace a link to the rest of the world via Moscow and now is weighing further foreign-investment incentives to help it improve a network devastated by war and neglect.

But in China, where only 3 percent of the population has access to basic telephone service and where the World Bank estimates that \$141 billion must be spent on telecommunications development in the next decade, the central government remains determined to block foreigners or private investors from operating or taking stakes in domestic communications businesses.

China at this point is relying on foreigners to supply equipment and expertise on contract only while encouraging a new state-linked telecommunications group, Unicom, to challenge the dominance of its Post and Telecommunications Ministry.

But even Unicom, set up by the Elec-

tronics, Power and Railway ministries along with big state-backed investment groups such as China International Trade & Investment Corp., has met with obstacles to development because of its rivalry with the established monopoly.

However, China's huge demand for telecommunications services is already prompting its leaders to overlook their ideological qualms about foreign involvement in the sector, analysts said. Deals are being done, but quietly. "We will wake up one day and find that everyone has signed some small deal that actually entails investment in various projects," David Barden, an analyst with Baring Securities in Hong Kong, said.

The enormous investments involved and the occasionally nervous attitudes taken towards the free flow of information, not only in China, have meant that new telecommunications policy-setting and implementation can be a murky and frustrating business for consumers and industry executives alike.

In most countries a well-established, usually monopolistic company, often the largest individual business in the land, has

to be guided, steered or pushed into a new competitive environment. Change must come in a way that guarantees the main carrier's continued profitability and service levels without closing off opportunities for new competitors.

At the same time, granting the potentially lucrative rights to compete in markets where commercial prospects often appear unlimited invites the sort of politicking seen anywhere in the world when so much money is at stake.

In Thailand, where infrastructure in most areas has failed miserably to keep up with surging economic growth, the new government ordered a review of existing policy and franchises within days of being elected in July.

The new Thai government demanded that the state phone utility come up with an action plan within two weeks to expand the nation's phone system by 6 million lines by 1997, a tripling of earlier targets.

A month prior to the elections, the Thai cabinet approved concessions of 600,000 and 500,000 fixed lines, respectively, for private-sector operators TelecomAsia

Corp. and Thai Telephone & Telecommunications Public Co. The combined investment would total \$2 billion.

A recent ruling left the two franchise expansions intact, but the private-sector companies will be forced to pay higher royalties on their awarded areas.

"Many of the policies now in place are very new. Many countries had no overall policy before," Tim Storey, an analyst with HG Asia Securities in Hong Kong, said. "Some of the first attempts have not been as good as hoped."

"Many companies have been offered licenses to enter the market, but it can be difficult to know what that means in practice and how to value the license," Mr. Storey said. "And it's no secret that in some countries politics is an important factor in the process."

Nonetheless, serious strides are being made in installation of new services and openness to foreign investment.

Taiwan recently announced that it would allow foreigners into its telecommunications industry, with plans to allow investment of up to 30 percent in businesses

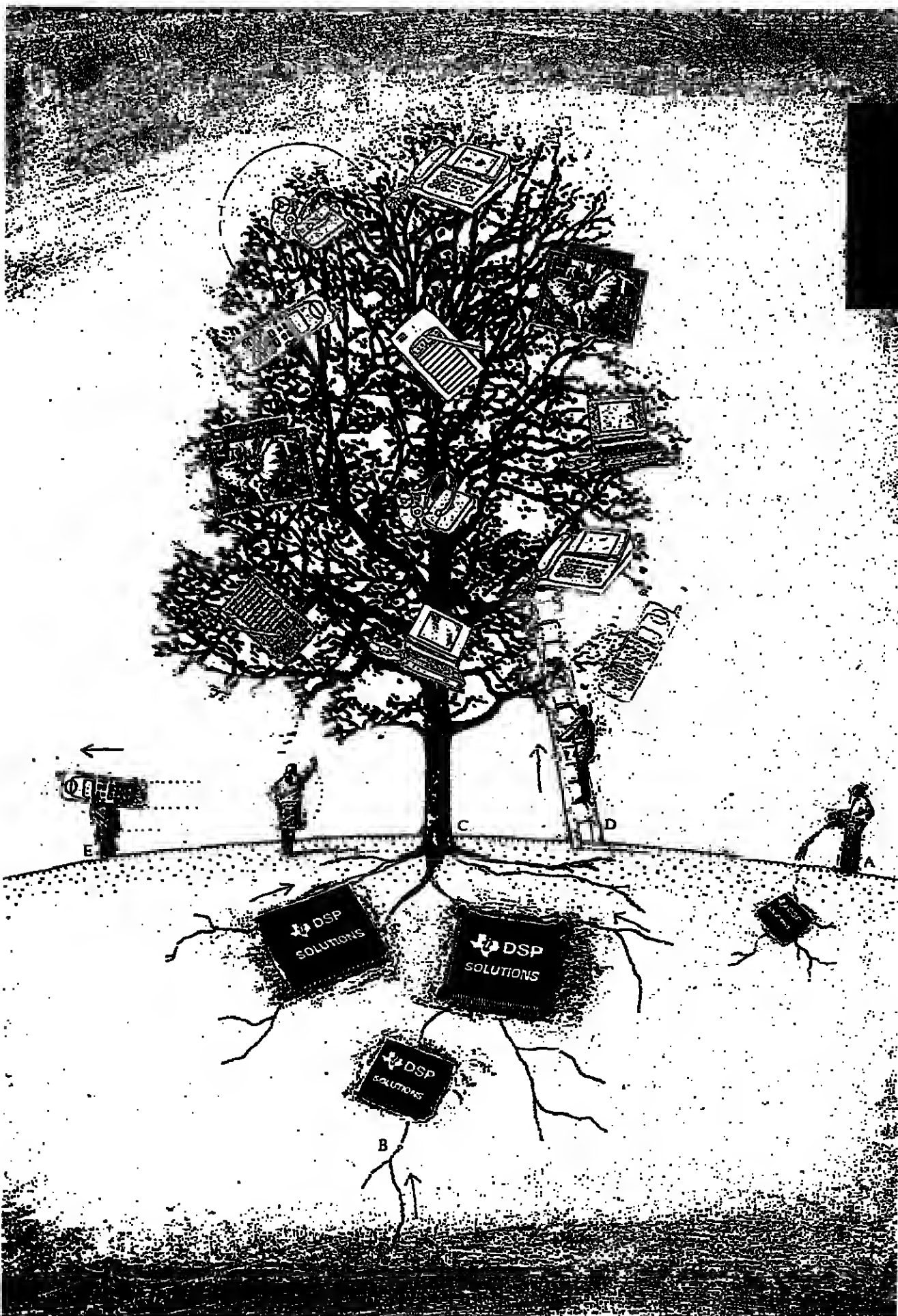
supplying domestic and long-distance calls. There will be no limits on investing in mobile phone or paging operations.

Indonesia has turned to foreign companies to help install 1.6 million new telephone lines over the next 15 years to augment operations by the established carrier PT Telekom, itself expected to sell shares valued at \$2 billion later this year.

Indonesia's so-called Operation Cooperation will allow four consortiums involving local concerns and companies from the United States, Australia, Japan, Malaysia and France.

One factor that may determine the success of such ventures is their ability to raise capital in international markets. Established, dominant companies have the track record that investors look for: Philippine Long Distance Telephone and Telekom Malaysia both have gone to the markets in recent months, and PT Telekom will later this year in the global markets' largest capital raising.

KEVIN MURPHY writes from Hong Kong for the International Herald Tribune.



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TEXAS INSTRUMENTS

TELECOMMUNICATIONS / A SPECIAL REPORT

In Japanese Hands, Hopes for Phone Growth

By Steven Brull

TOKYO — In Tokyo's trendy Omote-Sando district, young rock 'n' rollers have them. So do middle-aged housewives and pizza delivery boys.

After years of artificially suppressed demand for wireless telephones, Japan is tuning in. Nowhere is the excitement greater than in Japan's first home-grown telecommunications technology, called PHS, which is short for "personal handyphone system." PHS, which made its debut here on July 1, had attracted about 112,000 subscribers by the end of August.

By 2000, analysts say Japanese companies will have produced 10 million handsets that will be used for 11 percent of the 130 billion phone calls the Japanese will make that year.

Because PHS handsets can function as cordless telephones at home and as mobile phones outside, the government's eventual goal is to replace all of Japan's home telephone numbers with PHS numbers. But that goal still remains many years away.

"PHS will change the way people use telephones," said Matt Aizawa, an analyst at Merrill Lynch in Tokyo.

The main attraction to PHS is cost. It is cheaper than conventional analog and digital cellular systems because handsets transmit a low-powered digital signal. Handsets can thus be made more cheaply; they also are smaller and lighter and run longer on batteries.

Compared with conventional cellular systems, PHS requires a much denser net-

work of base stations. But in areas of high usage, this can be a plus by boosting the network's overall capacity.

At 2,700 yen (\$27.12), monthly service charges for PHS are less than half those for standard cellular service in Japan; call charges are about one-fifth. With retail prices of 30,000 yen, PHS handsets are slightly cheaper than analog cellular, although as competition mounts, providers are expected to give them away.

Because the signal is digital, PHS also is suitable for multimedia applications. Matsushita Electric Industrial has developed a cordless videophone based on PHS, while NEC Corp. has announced a wireless local-area network for computers based on PHS that will be launched in 1996.

The main disadvantage of PHS compared with conventional cellular is that it cannot be used from fast-moving vehicles. Also, the major groups providing PHS service—DDI Pocket Telephone, NTT Personal Communications Network and ASTEL—are more than five years away from establishing nationwide coverage. Nor have they arranged for PHS handsets to make international calls.

Strong government backing of PHS marks an about-face for Japanese regulators. Until their hands were forced open by pressure from Washington in April 1994, tight regulations had kept the Japanese cellular telephone market a backwater.

Arguing that mobile telephones were less attractive because of an abundance of pay phones in densely populated Japan, and because of a cultural preference for face-to-face communications, regulators defended high service costs and prevented

individuals from owning handsets.

Now, Japanese are allowed to buy their own handsets and the costs of cellular phone services have plummeted. Not surprisingly, sales have skyrocketed. But overall penetration remains only about 5 percent, less than half the level of Hong Kong, an even more densely populated area with far less wealth.

The Japanese Ministry of Posts & Telecommunications is eager to make PHS succeed. As Japanese companies benefit from economies of scale, the government aims to establish a new international telecommunications standard—something that Japan, despite its prowess in consumer electronics, has yet to achieve.

The hope is that PHS will appeal as an economical means to spread telephone services to developing nations throughout Asia, where rural villages in many countries are often fortunate to have a single line.

"If people in villages can afford a Honda 50cc motorcycle, it's not farfetched to expect them to use PHS as well," Mr. Aizawa said.

Japan's drive into Asia is making some headway.

In 1993, Hong Kong became the first region to adopt the PHS standard. Hutchison Whampoa Ltd. and Hong Kong Telephone, which is controlled by Cable & Wireless PLC of Britain, are expected to be allocated spectrum space in December. Singapore, Indonesia, Malaysia and China are waiting to see how PHS develops.

But some warn that PHS will face tough competition in Asia.

For one, PHS is not unique. It is similar

to the Digital European Cordless Telephone standard promoted in Europe and the Personal Communications Services standard that will be rolled out later this year in the United States. Also, Motorola of the United States, Nokia of Finland and Ericsson of Sweden all have strong presences in Asia.

Japanese government backing of PHS has made Washington fear its suppliers may get cut out. In July, U.S. negotiators demanded that NTT Personal Communications Network conduct its procurement in line with an existing agreement that requires Nippon Telegraph & Telephone Corp. to buy equipment in an open and transparent manner. Tokyo rejected the demand, saying that the company was an NTT subsidiary and therefore not covered.

In addition, it is not clear that outside of Hong Kong and Singapore—both relatively wealthy and densely populated areas—many countries really need PHS-type systems. Standard cellular systems have very low penetration rates, so making fresh investments in another wireless technology may be premature.

Finally, some analysts say that wireless telecommunications may not be cheaper than land-line systems. "It's not entirely economic yet with the technology we have today," said Jeffrey Camp, Hong Kong-based analyst for Morgan Stanley. "Japan is going to have Japan, which is a big market. But to think that Japan is going to dominate Asia without a fight is 100 percent wrong."

STEVEN BRULL is the International Herald Tribune's Tokyo correspondent.



Personal handsets are changing the way the Japanese use telephones.

Bureaucracy in Action: One Firm's Struggle to Bring Cable Television to Tokyo

By David Lazarus

TOKYO — In the battle to win Japan a place on the information highway, Suginami Cable Television Co. is on the front lines. The company, formed through a joint venture of Sumitomo Corp., the Japanese trading giant, and Tele-Communications Inc., the largest U.S. cable operator, is pressing ahead with ambitious plans to offer cable telephony service in Japan by early 1996. This will be followed by testing to provide Internet access via TV screens.

By the middle of next year, Suginami Cable hopes to provide sophisticated set-top boxes that will allow for video on demand and home shopping services.

If successful, this will mark something of a triumph for a company that has had to run an obstacle course of bureaucratic regulations in its quest to service one of Tokyo's wealthiest and most densely populated neighborhoods.

"We're doing what we can," says Yasuo Kosugi, president of Suginami Cable. "We still need more deregulation."

When Suginami Cable was established in 1987, both of its partners anticipated little difficulty bringing the Suginami area's 221,000 households on-line. They were wrong.

Japan's narrow roads and jam-packed utility poles necessitated running cables underground, but that technical problem was not insurmountable.

Laying the cable, however, required navigating a thicket of official red tape that included multiple permit requests to the Ministry of Construction, the Ministry of Transportation, the Ministry of Posts and Telecommunications, and the Ministry of International Trade and Industry, not to mention piles of documents demanded by local authorities.

Once the permits were granted, the company had to pay for transmitting its signals, sharing conduit space with other lines, and even taking up space underground.

Suginami's American partner was unaccustomed to Japanese-style bureaucracy. "TCI grew quite fed up with it all," Mr. Kosugi says. "But they are learning to be patient."

That patience is finally paying off. Suginami Cable TV began broadcasting its 36 channels last December. It now claims some 3,000 subscribers among 64,000 homes in the area with access to cable. The company expects to have 9,000 subscribers by March 31, 1996. It will not be profitable until it reaches 38,000 subscribers.

The majority of Suginami Cable's shares is held by Jupiter Telecommunications, a multi-system cable operator established in January. Sumitomo put up 60 percent of the initial capital of \$45 million, and TCI put up the remainder.

Sumitomo also placed its current shareholdings in about three dozen separate Japanese cable companies under the Jupiter umbrella. TCI, for its part, has provided technical expertise and equipment, including the pay-per-view boxes.

The size and wealth of Suginami Cable's corporate parents help explain why the company could afford to persevere in the difficult Japanese market.

In theory, according to the Posts and Telecommunications Ministry, all homes will be connected to a network of fiber-optic cables by 2010. However, in practice, there is great reluctance to pay the approximately \$430 billion price tag for constructing the system.

Despite deregulation efforts in 1993 to boost foreign investment in cable companies and expand service areas, most cable operators are putting off the introduction of expensive new services.

Nor does pressure for cable services appear to be coming from consumers. "The majority of the population can't even work a VCR," says Eric Gan, a telecommunications analyst at Goldman, Sachs & Co. "Multimedia? No way."

Optimistic government officials expect multimedia to produce some 2.4 million jobs and add \$1.2 trillion a year to the

Japanese economy within the next 15 years.

That's why TCI and Sumitomo have such high hopes for Suginami Cable and other companies in the Jupiter stable.

They are not alone. Itochu Corp., another trading company, has joined forces with Time Warner Inc., U.S. West International and Toshiba Corp. to establish a rival entity, Tims Communications.

Itochu is also working with Sumitomo, Mitsui & Co., Nissho Iwai Corp. and Japan Satellite Systems Corp. to oversee development of Japan's first digital direct-to-home satellite system.

That system came a step closer to reality in August with the successful launch of a new satellite, JCSAT-3. The satellite will relay voice, data and TV signals throughout Japan, with additional beams eventually reaching India, Australia, New Zealand and Hawaii.

This should only make things tougher for cable operators. Japan has only a 6 percent cable penetration rate, compared to

over 60 percent in the United States, and only about 23 percent of Japanese households even have access to cable, compared to about 99 percent in the United States.

Cable companies are gambling that telephony help them beat the competition by providing a new source of revenue.

There are some 39 million residential phone subscribers in Japan and 18 million business subscribers. Annual growth in lines has been around 3 percent a year.

Cable companies hope to compete with telecom behemoth Nippon Telegraph & Telephone by providing virtually unlimited local calls for a set monthly fee—a service expected to appeal most to chatty high school students, as well as to Japan's increasing number of Internet subscribers.

"With cable telephony we can charge a basic monthly fee and keep customers' costs down," Mr. Kosugi says.

DAVID LAZARUS is a journalist based in Japan and the author of "The Secret Sushi Society," published this fall.

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TELECOMMUNICATIONS / A SPECIAL REPORT

Interactive TV Providers Still Looking for a Market

By John Burgess

WASHINGTON — Facing high costs, uncertain technology and lingering questions about basic market appeal, American companies have fallen seriously behind in implementing grand plans to make television interactive.

In Orlando, Florida, Time Warner Inc. is testing — nine months late — a "full service network" that lets people call up movies, order consumer goods and play video games. In its East Coast service area, the regional telephone company Bell Atlantic Corp. has postponed the roll-out of commercial video service and changed the technology it intends to use.

And at industry conferences, some analysts question whether the core concept behind interactive TV is sound. From the comfort of the living-room couch, they say, many people may prefer a more passive medium, one that doesn't require constant decisions and input — and those who do like it won't like the prices the companies want to charge.

Interactive TV is "not dead, but extremely sleepy at this point," said Tom Maresca, an analyst at the New York market research firm Jupiter Communications. "It's going to be quite a few years before the promise is realized, if ever."

Just two or three years ago, interactive TV was portrayed by many in the industry as the next and not-so-far-off stage of evolution for the television medium.

In the 1950s, TV brought pictures into homes; in the 1970s, cable brought diversity of channels; and in the 1980s, home rentals brought choice of timing and titles.

Interactivity would go the next step by freeing viewers from the tyranny of schedules. With a few clicks on a remote control device, people would call up any program at any time — movies, sports, news.

In addition, shopping and banking services would come to the set as well. People could look through on-screen catalogs and make selections from home, or pay bills without going to a bank or automated teller machine. The TV might turn into a video-telephone as well, allowing people to see and hear each other from afar.

An early test, in the late 1980s, in Cerritos, California, indicated that viewers had relatively low interest in these services. But the industry pushed on ahead, suggesting that infant technology and a small line-up of services might be largely to blame.

Such companies as Silicon Graphics Inc., Microsoft Corp. and Oracle Corp. set to work developing requisite software and hardware. It was a major technical challenge building machines that could store the many billions of bits of information that make up full-length movies and juggle the simultaneous demands of, say, 10,000 customers, each one wanting a different mix of services.

Companies were quickly feuding over technical standards, as each wanted to lay the foundation that the rest of the industry would lead.

"Right now in the industry there's a lot of companies working on individual components," said Tim Dunley, a market director at Sega of America, who formerly worked on interactive TV for Microsoft. "There's really no glue."

Nonetheless, a few companies have come out with systems that they say will do the job — but for now they remain untested in the field.

Along the way, many TV companies began having second thoughts about funding. To be successful, interactive TV would require them to amass hundreds of millions of dollars in capital at one time and bet it on an unproven service.

Other questions were how much would people be willing to pay for these services, and would they easily change behavior ingrained over the past half century.

"Television viewing behavior is so entrenched in people's lives that it might be hard for them to acquire new viewing habits," Mr. Maresca said.

Time Warner contends that the problems can be overcome and is pushing on with its experiment in Orlando, where it began testing in December of last year.

As of mid-September, it had connected to fewer than 100 homes, with technicians working toward a target of 4,000 by the end of the year.

At present, people can choose from 80 movie titles, shopping at nine outlets, and 13 games for the Atari Jaguar video player. That's in addition to normal selection of cable fare and other features.

Tammy Lindsay, a spokeswoman for the

experiment, called the response "overwhelmingly positive. We have a long list of customers who want the service."

Also hoping to enter the business are the country's huge local telephone companies. Several years ago, many of them talked enthusiastically of technology that would let their telephone wires carry video signals. They would enter the interactive business quickly that way.

But since then the companies have soured on that technology and now are moving more toward offering traditional cable service. Bell Atlantic, for instance, announced this spring another delay in its schedule and a shift in strategy: It said it would buy existing wireless licenses and offer pay-TV service over the airwaves.

THE false starts contrast with the stellar growth that computer on-line services have enjoyed in the same period.

Simba Information Inc., a market research firm in Wilton, Connecticut, estimates that there are now about 8.5 million consumers who subscribe to on-line services.

With the exception of video entertainment, just about all of the interactive features envisioned for television have already taken hold on the Internet — games, electronic mail, instant news, information and (albeit very slowly) home banking and shopping.

With computers, there are no ingrained habits to unlearn. By their nature, the machines are interactive devices, doing nothing



Interactive television services being tested include home shopping.

until they get a command from the user.

In addition, their screens are sharper and more suited to text and retrieval of written information.

But some see the success of computer networks as proof that interactive TV could work, both in economics and technology. It's just that some uses make more sense on one medium than the other, they say.

Dave Robinson, video products director for the network services division of the telephone giant American Telephone & Telegraph, which is developing equipment for interactive TV, says that for banking and numbers, a computer is the way to go. But "if you're looking for heavy entertainment and video-oriented programming, then the television is generally a friendlier medium."

Telecom Sales Strategy Shifts From Traditional Phones to High-Tech Systems

By Conrad de Aenlle

LONDON — For many months Boh Hoskins had been chanting the mantra of British Telecom PLC, "It's good to talk," nightly, almost hourly, on television, motivating the masses to call a loved one.

But for the last couple of weeks, the English actor with the regular-bloke charm has been replaced by a much younger and more posh businesswoman. From the look of her spare but tastefully furnished office, it is unclear what her business does, although it probably doesn't make cartrons. It is growing fast, though, she tells a staff meeting, and she has commissioned BT to organize the communications system in the office so that all within it may become more efficient without becoming busier.

There, in two television commercials, goes the evolution of the phone industry's business strategy.

Mr. Hoskins will be back, a BT spokesman assures, doing his job of "voice stimulation," as imploring residential customers to make phone calls is known in the

trade. But while his job is to remind people what phone service they already have, the young entrepreneur is there to alert them to what they don't yet have but ought to. Her ad closes with a secretary telling the stereotypical offish technophobe: "Welcome to the 21st Century."

Telephone companies spent the 20th century installing phones and connecting them to each other. Where the growth will come now is in cellular and other types of mobile service, in such technologies as mobile data and video conferencing, and in systems that link them all together in the office.

"Without falling into any of the clichés about how it's all going to come together, in the U.K. and in Europe, there's a move to corporate marketing and tying in mobile, either for use outside as a standard mobile or else linked to an office PBX," said Oliver Wingrove, a consultant at CIT Research.

Sales of mobile-phone equipment in Europe are expected to double between 1993 and 1998, to \$8.1 billion a year, according to forecasts by BIS Strategic Decisions, a communications consulting firm. Sales of standard wireline phones are projected to remain flat at just over \$6 billion annually.

In the service market, conventional telephones will continue to dominate, generating \$156 billion in revenue in 1998, compared with \$29 billion for mobile service, the consulting firm forecasts, but the annual growth rate is estimated at 30 percent for mobile, compared with 4 percent for wireline.

Rather than just selling phones and standard usage contracts, phone companies are coming to depend on customized packages of data and voice services for business customers as a way of boosting margins, said Hazel Egner, a BIS consultant.

"How do you increase revenue from existing subscribers and how do you expand your market?" he said service providers ask themselves. "There is an increasing awareness of data functions to add value and increase revenue."

They need to do both. Prices of equipment and service are coming down as competition increases, yet the telecoms firms have had to spend a fortune on infrastructure and licensing fees to put in the networks that will bring the technology to customers.

"In new applications such as personal-

communications systems, \$9 billion has been spent for broad- and narrow-band spectrum" in the United States, said Rakesh Sood, an analyst at Hambrecht & Quist, a securities firm in San Francisco.

"That's just the first step," he said. "Having spent that money, they're not just going to sit around."

He added that providers of mobile and data services can still squeeze out a decent profit, though, because the so far minimal market penetration and strong demand should allow for substantial percentage growth year after year.

"Operations are becoming more efficient," Mr. Sood said, adding that companies are amortizing the cost of infrastructure over a larger subscriber base. "As infrastructure gets deployed, service will be upgraded," he said, further increasing demand and improving business prospects.

The form the new infrastructure will take is still in doubt. There were no physical limits to the numbers of telephone poles and underground cables that could crisscross the world, but that is not the case with the radio spectrum through which

cellular phone signals are transmitted.

"There isn't an awful lot of frequency around," Ms. Egner said. To avoid congestion, she said, "you can have either smaller base stations or you can put in components to allow more efficient use of the spectrum. One of the concerns is if they're trying to go for wireline replacement, they won't have the capacity to supply 95 percent of homes across Europe."

One solution is a hybrid system in which a portable phone would transmit signals to cellular stations when a caller is away from his home or office. When being used within a certain distance from its base, it would operate as a "fixed wireless" phone, the technological descendant of the cordless phones that became popular in the 1980s, with signals picked up by a receiver and then transmitted through cables.

Such a system would be the basis for what is coming to be known as the portable office, where employees will use mobile phones for making calls and transmitting data.

Phone companies are pushing the portable office and mobile data services, including fax, two-way paging and electronic mail, by persuading businesses that

they will create a leap in productivity — no missed phone calls, information at an employee's fingertips wherever he may be. But how much pulling is being done by prospective customers is debatable.

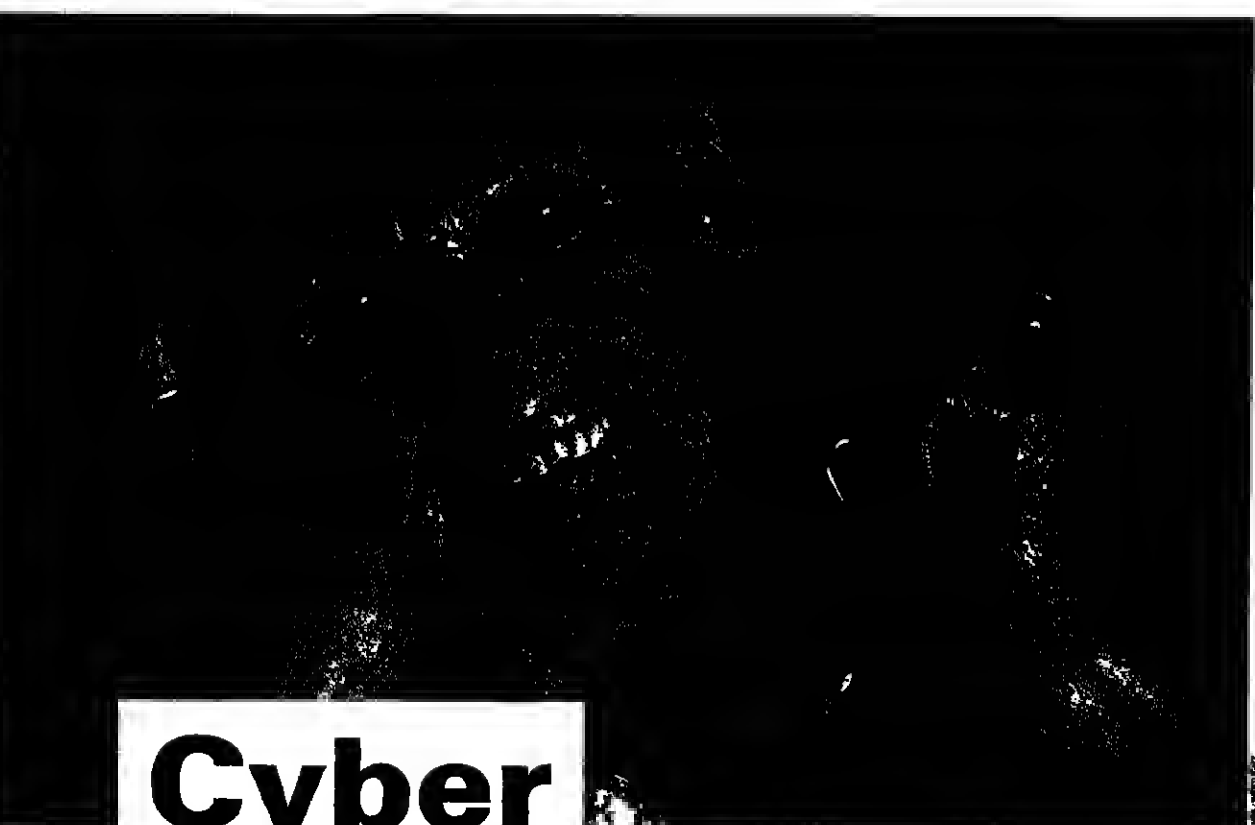
BIS expects the number of subscribers to mobile data services in Europe to grow tenfold between 1994 and 1999 as new networks come on-line and new applications are developed. Revenue from these services is projected to rise during the five years from \$268 million to \$3.59 billion.

The theory, Ms. Egner said, is that "if you start out using a computer and e-mail in the office, you might want to extend that to a mobile phone."

So far, though, Mr. Wingrove of CIT Research said, providers of mobile data services "have had a fairly hard time signing up subscribers."

"You do sort of see the use of mobile data around," he said, "but I don't think data is really a driver in the market. It's going to be an add-on, not the be all and end all."

Mobile service, in general, Mr. Wingrove said, "is being pitched to that sort of must-have marketing strategy. I'm not sure that's true yet."



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The new CityNet, forming a virtual ring-road around the city, has already brought the city hall and a number of other municipal institutions on-line. Schools and libraries are also connected, along with many private companies. Local health care services and nursing homes will come on-line early in 1996.

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Insistent Ringing in Europe's Ears U.S. Presses for Open Telecommunications Markets

By Mark Landler
New York Times Service

GENEVA — Within a radius of a few hundred miles around this lakeside city are two of the four richest telecommunications markets in the world. Around them are invisible walls that say "Keep Out."

The state-owned French monopoly telephone company, France Telecom, in 1994 had revenue of about \$25 billion, while its German counterpart, Deutsche Telekom, had sales of almost \$40 billion. Only Nippon Telegraph & Telephone Corp., with revenue of \$70 billion, and AT&T Corp., with sales of \$49 billion, are larger.

With Europe only two years away from a wholesale deregulation of its telecommunications markets, many of its state-owned companies are nervous about the coming competition. The competitors that make them most anxious are the large and hungry long-distance giants from the United States, such as AT&T and MCI Communications Corp.

Although European countries have competed successfully with the United States in industries ranging from steel to shoes, France and Germany are concerned about opening their doors to telecommunications rivals whose technology may be superior, whose marketing

skills have been honed in a decade of fierce domestic competition and who are eager for new worlds to conquer.

But as far as Reed E. Hundt is concerned, Europe has to get over it. The chairman of the Federal Communications Commission is not among the 133,000 telecommunications executives and policymakers converging here for the industry's mammoth quadrennial convention, which started Monday. But he will cast a long shadow over the two-week event.

Last week, Mr. Hundt was in Europe to press the case that Germany and France must open their telephone markets to new competition. Unlike the fairly general request for deregulation made by European governments, Mr. Hundt was armed this time with a list of specific demands. He made it clear that if Germany and France came up short, the FCC would not approve the Sprint Corp.'s alliance with France Telecom and Deutsche Telekom.

This would be a big threat, as the alliance with the No. 3 long-distance carrier in the United States is its primary strategy for remaining competitive in the new world of deregulation.

With technology rapidly slashing the cost of long-distance telephone service

and companies seeking to knit large markets together, the uneven pace of deregulation has become a hot issue in telecommunications.

Deregulation would be an immediate boon for telephone customers in these countries, who would be likely to see their long-distance bills plunge as local competitors spring up. While American carriers are not likely to offer residential service overseas anytime soon, business customers in Europe will be able to order packages of communications services from an array of new competitors, including foreign-owned companies from the United States and elsewhere.

In Europe, where governments and their state-owned telephone monopolies are on the defensive, deregulation is adding a potent dose of politics to an industry already riddled by change.

Deregulation matters because the large long-distance carriers are seeking to weld their networks together to offer a seamless package of communications services to business customers across national boundaries.

A model for the future is Britain, which is the most deregulated of the world's major markets — including the United States. In Britain, there is free-wheeling competition among long-distance and local telephone carriers.

Fed Tells Daiwa To Cut Trading To a Minimum

Compiled by Our Staff From Dispatches

NEW YORK — The Federal Reserve Board and the New York State Banking Department ordered Daiwa Bank Ltd. on Monday to reduce its trading operations at its New York branch following its \$1.1 billion loss in unauthorized bond trading.

The Fed told Daiwa to submit a plan in five days "for the orderly reduction of all of the branch's trading activities to the minimum levels necessary to service customers, conduct asset-liability management and manage the risk in existing trading positions of the New York branch."

The bank revealed the loss last week, attributing it to a dealer.

Daiwa "is cooperating with all the regulators," a spokesman said in New York, while declining to comment on the orders.

"Failure to detect the loss is evidence of an unsafe and unsound condition," the Fed stated, resulting from Daiwa's failure to follow routine monitoring procedures and supervise its exchange operations.

The Fed also accused Daiwa of violating banking regulations by not immediately reporting the circumstances surrounding the loss to authorities.

In addition, the bank may have "knowingly submitted a misleading and inaccurate report of the branch's condition" as of June 30, the regulators said.

Toshihide Iguchi, a former vice president who has been charged with falsifying bank records, reportedly admitted to the wrongdoing in a July letter to the president of Daiwa, U.S. authorities have said.

But the bank did not inform regulators of the matter until late September, the FBI says.

The Fed also ordered Daiwa to correct all of the New York branch's "false books and records and to refile all regulatory reports filed since 1984." The bank was ordered to work with

an independent auditor to review the losses and develop new operating procedures.

Daiwa has 20 days to respond to the ruling.

Daiwa has said that it will use proceeds from asset sales to offset the loss.

(AFP, AP, Bloomberg)

OECD Sees Boom If Russia Speeds Economic Reform

Agence France-Press

PARIS — The health of the Russian economy is improving, despite an uneven record in structural reform, and could begin to show rapid growth next year if authorities speed up the transition to a free market, the OECD said Monday.

The Organization for Economic Cooperation and Development painted a generally positive picture of the Russian economy, noting that after the spectacular slump in production during the first half of the 1990s, growth in 1996 could reach two percent.

But the study also concluded that if inflation — 110 percent in 1995 — were reduced and reforms implemented to ensure that resources were allocated to their most productive uses, growth could reach 10 percent next year.

The OECD, which in 1994 signed a cooperation accord with Russia to help the country in its transition from Communism said that the structure of the economy had undergone considerable change. The cuts in military expenditure and in enterprise subsidies, the liberalization of domestic prices and external trade had changed the incentives facing enterprises and customers radically.

Deutsche Postbank Rejects Buyout Plan

Compiled by Our Staff From Dispatches

BONN — Deutsche Postbank AG rejected on Monday a plan under which Deutsche Post AG, together with Deutsche Bank AG and Swiss Re would acquire a 75 percent stake in the bank for about 3 billion Deutsche marks (\$2.1 billion).

"This is a hostile takeover attempt," said Joachim Strunk, a spokesman for Postbank. "We aren't at all in agreement with it."

Mr. Strunk said Deutsche Postbank had been assured by Postal Minister Wolfgang Bötsch that the plan would not go through without the bank's approval. He also said the current government, which split the postal service into three separate companies at the beginning of this year to prepare them for privatization, should not be in favor of merging two of them again.

Shares in Deutsche Postbank are to be offered on the stock market by 1998, the company's president, Günter Schneider

said, adding that the privatization would value the company at 6 billion DM.

He condemned an offer to the government of 3.08 billion DM for 75 percent of the company as an attempt by the bidders "to fill their pockets."

Postbank and Deutsche Post are two of the three companies formed at the beginning of this year from the former German postal service, Deutsche Bundespost, for eventual sale to the public. Deutsche Telekom AG, the third company, will hold its first share offering next year.

The acquisition of a 40 percent stake in Postbank by Deutsche Post, valued at about 1.6 billion DM, would end a dispute between the postal service and its former unit on the use of facilities at 17,000 post offices around the country.

Mr. Strunk said the Postbank had made proposal for cooperation to the Post that did not require cross-shareholdings.

"There's no reason that a transportation

company — which is essentially what the Post is — needs to be a shareholder in a financial services company," he said.

According to a report in daily newspaper Frankfurter Allgemeine Zeitung, Deutsche Bank's 20 percent stake, worth about 800 million DM, would be sold to the public in the medium term.

Swiss Re's 15-percent share, worth about 600 million DM, would enable the Swiss insurer, known officially as Schweizerische Rückversicherungsgesellschaft, to introduce insurance services into the Postbank.

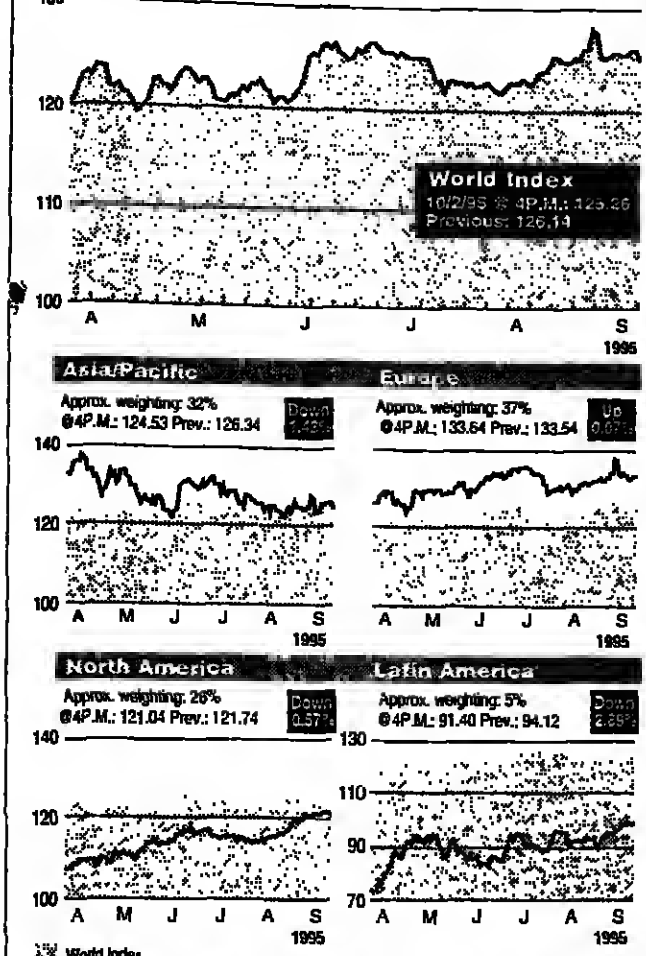
According to the newspaper, Deutsche Bank's participation in the plan would give it an edge in managing the sale of Deutsche Post's shares to the public.

A spokesman for Deutsche Bank declined to comment on the report.

(AFP, Bloomberg)

THE TRIB INDEX: 125.26

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and other major markets. It is composed of the 30 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors	Max. 6 P.M.	Prev. Close	% Change
Energy	123.38	124.15	-0.62
Utilities	125.84	126.82	-0.77
Finance	116.58	118.01	-1.23
Services	120.23	121.22	-0.82
Capital Goods	133.85	134.80	-0.70
New Materials	142.52	143.66	-0.81
Consumer Goods	126.95	127.08	-0.10
Miscellaneous	141.77	142.12	-0.25

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Thinking Ahead / Commentary

Japan Will Devise Its Own New System

By Reginald Dale
International Herald Tribune

WASHINGTON — No country is the subject of more heated argument in Washington than Japan. On one side are those who hold that the Japanese are unlike anyone else and will never dismantle their mercantile system unless forced to do so by the United States.

That view has inspired the aggressive trade policies of President Bill Clinton, which have sparked a series of futile and destructive disputes over the past two and a half years. The majority of American voters also want to "get tough with Japan."

In the other corner are those who believe that Japan is groping toward fundamental change and that the best thing for the United States to do is to refrain from bullying and align itself with the reformist forces.

There is no doubt where Hideo Ishihara stands in this argument. He believes that Japan's current economic crisis will induce sweeping changes that will lead the country further toward a genuine market economy. (Whether that will ultimately make Japan an even more ferocious competitor is of course another story.)

Mr. Ishihara has a foot in both cultures. He works for an American company, as chairman of Goldman Sachs (Japan) Ltd., and is a leading light in the powerful Japanese business organization, the Keidanren. But while he says Japan will move

closer to American-style capitalism, he does not think it will go all the way. And U.S. pressure has nothing to do with it.

Two far more fundamental forces have punctured Japan's "excessive self-confidence," Mr. Ishihara told a recent Japanese-Canadian business conference. They are economic globalization, which is making it impossible for Japan to maintain its isolation from the rest of the world, and the fact that the Japanese economy has reached maturity.

As a result, Mr. Ishihara said, "Japanese businesspeople and bureaucrats

Japan should worry about a lack of foreign investment.

alike have lost confidence in their established system of corporate capitalism." A high-growth system must now be modified to fit an era of low growth.

That will mean:

- An erosion of lifetime employment, the current corporate seniority system and automatic salary raises, in favor of "a more fluid, market-based employment relationship."

- A shake-up in cozy long-term relationships between companies — the so-called *keiretsu* system — and in the widespread practice of cross-shareholdings among groups of companies and banks.

- A difficult and painful process of deregulation, which has become the top nationally agreed priority for the first time in history.

- Greater attention by Japanese management to shareholders' rights.

Spurring these changes will be the continuing fear of hollowing out — the loss of manufacturing industries to lower-cost countries caused by the strong yen and increased global competition.

In fact, however, Japan is not nearly as "hollow" as its major rivals, Mr. Ishihara said. Only 6.3 percent of Japanese manufacturing takes place abroad, against 20 percent for Germany and 30 percent for the United States.

The Japanese should be more worried about the lack of foreign investment in their own country, as American and European high-technology companies set up elsewhere. The ratio of overseas direct investment by Japanese industry to foreign industrial investment in Japan is 15 to 1, compared with roughly 2.5 to 1 in Germany and 1 to 1 in the United States.

What all this means, Mr. Ishihara said, is that his country must undergo an agonizing process of re-evaluation to create a new Japanese system, one that "would retain certain important values from our traditional system and still be able to withstand the waves of globalization that are engulfing Japan." One thing about such a new system is certain: It will be designed in Japan, not in the United States.

CURRENCY & INTEREST RATES

Cross Rates	Oct. 2	Eurocurrency Deposits	Oct. 2
American dollar	1.0000	1-month	4.60%
British pound	1.6450	3-month	4.65%
French franc	6.5596	6-month	4.70%
German mark	1.3663	1-year	4.75%
Italian lira	2.0361	1-month	4.60%
Japanese yen	161.00	3-month	4.65%
Swiss franc	1.4836	6-month	4.70%
U.S. dollar	1.0000	1-year	4.75%
Other Dollar Values			
Canadian dollar	0.7100		
Chinese yuan	8.2700		
Hong Kong dollar	7.7500		
Indian rupee	47.5000		
Israeli sheqel	4.0000		
South African rand	13.7500		
South Korean won	200.0000		
Thai baht	50.0000		
Turkish lira	1.8000		
U.S. dollar	1.0000		
Forward Rates			
30-day	1.0000		
60-day	1.0000		
90-day	1.0000		
120-day	1.0000		
150-day	1.0000		
180-day	1.0000		
210-day	1.0000		
240-day	1.0000		
270-day	1.0000		
300-day	1.0000		
330-day	1.0000		
360-day	1.0000		

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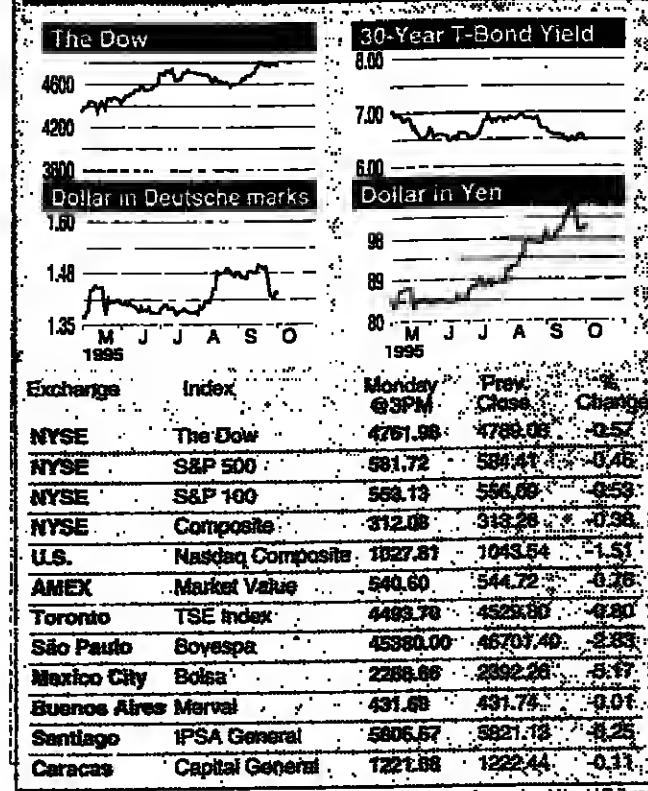
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1. Sales Through Dealers and Carriers, Street Vendors, and Counter Sales (Not Mailed)	8,518	9,382
2. Paid or Requested Mail Subscriptions (Include Advertisers' Proof Copies/Exchange Copies)	2,849	3,022
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I certify that all information furnished on this form is true and complete. (Signed) Michael G. Conroy, President.

THE AMERICAS

Investor's America



Very briefly:

Cigna Said to Plan to Split Business

PHILADELPHIA (Bloomberg) — Cigna Corp. plans to divide its U.S. property-casualty insurance business to help it pay hazardous-waste claims, people familiar with the company said Monday.

Said Cigna wanted to split the business into two units so that one company could keep profitable policies and the other could wind down the policies that produced the biggest claims.

Regulators in Arizona filed fraud charges against Lloyd's of London, saying investors from Arizona had been placed in syndicates underwriting asbestos claims without their knowledge.

Bally Gaming International Inc. and WMS Industries Inc. failed to obtain a preliminary injunction blocking Alliance Gaming Corp.'s hostile bid for Bally. WMS has made an agreed offer for Bally.

Weekend Box Office

LOS ANGELES — "Seven" dominated the U.S. box office over the weekend with a gross of \$12.4 million. Following are the Top 10 moneymakers, based on Friday ticket sales and estimated sales for Saturday and Sunday.

	1	2	3	4	5	6	7	8	9	10
	"Seven"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"	"The Usual Suspects"
	\$12.4 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million	\$7.5 million

David Rockefeller Joins Center Bid

By Stephanie Strom
New York Times Service

NEW YORK — The battle for Rockefeller Center has received a fresh recruit, the patriarch of the family that founded the landmark property.

An investor group made up of David Rockefeller, Tishman-Speyer Properties Inc. and the Whitehall Street Real Estate L.P., a real estate investment fund managed by Goldman, Sachs & Co., has offered to pay \$296.5 million, or \$7.75 a share, for all the shares of Rockefeller Center Properties Inc., the real estate investment trust that is poised to take ownership of Rockefeller Center.

Shares of Rockefeller Center Properties Inc. closed at \$8 Monday, up 75 cents. The investor group would also assume about \$800 million of the real estate investment trust's debt, about \$191 million of which is owed to Whitehall and a Goldman, Sachs subsidiary.

The proposal competes with a deal the real estate investment trust has already made with a group led by Sam Zell, the Chicago financier. That group, which included General Electric Co. and Walt Disney Co., has agreed to put up \$250 million, or \$5.50 cents a share, in exchange for a 50 percent stake.

It comes on the heels of a proposal made Thursday by Gotham Partners L.P., an investment firm that is one of the trust's largest shareholders. The Gotham proposal would have recapitalized the trust through a rights offering that would not dilute the holdings of existing shareholders, while raising up to \$150 million.

"The involvement of David Rockefeller should put to rest anyone's concerns about our long-term interest in this property," said Daniel M. Neidich, the Goldman partner who manages Whitehall.

Mr. Rockefeller, 80, resigned Monday as chairman of Rockefeller Group Inc. to concentrate on the takeover effort, Bloomberg Business News reported.

Gotham's proposal seems to have served as a catalyst to the Whitehall proposal. Under Gotham's proposal, Whitehall would have ended up with at least a 20 percent stake, but it has always aimed to gain control of the property.

Goldman and Tishman did not say how they would divide ownership of the property. People involved in negotiations with the trust said, however, that Whitehall, which has more than \$1 billion to invest, was probably putting up the bulk of the money.

Tishman-Speyer, a large New York real estate developer and manager, would manage the property and probably have a minority stake. Previously, Tishman-Speyer allied itself with Mitsubishi Estate Co., the current controlling owner of the property, to buy control of the trust.

While David Rockefeller is probably putting up some money, most importantly, he is lending his name in exchange for what is probably a small stake.

Tenneco to Buy Mobil's Plastics Unit

HOUSTON — Tenneco Inc. said Monday it had agreed to buy Mobil Corp.'s plastics division for \$1.27 billion as part of its strategy to expand into high-growth businesses, and its chairman said Tenneco might announce another large acquisition this quarter.

The Mobil division, which makes the Hefty, Baggies and Kordite brands of plastic trash bags and food-storage bags, has about \$1.1 billion in annual sales. It will become part of Tenneco's Packaging Corp. of America unit.

The acquisition seeks to reduce the Tenneco packaging unit's reliance on its core cardboard box business, which is

dependent on economic cycles, and to expedite the company's international expansion plans.

Last year, Tenneco's packaging business had operating earnings of \$209 million on revenue of \$2.2 billion.

"This is our largest and most important acquisition in our major redeployment program," Tenneco's chairman and chief executive Dana G. Mead, said.

He said the company wanted to expand its packaging business into Asia, Eastern Europe and Latin America.

Mr. Mead said Tenneco also was working on a major acquisition for its automotive parts division that could be announced before year-end.

Mobil said the sale would add more than \$500 million to its earnings. The transaction is expected to close in the fourth quarter.

The Mobil division also makes polystyrene food-service containers, plates and trays, clear containers for prepared foods and other kinds of disposable packaging.

After the acquisition, the packaging group will be the largest of Tenneco's four operating divisions, with expected sales of almost \$4 billion a year.

Packaging Corp. of America will offer employment to all the 4,100 Mobil plastics workers, Mr. Mead said, and the company has no plans to fire or lay off employees.

(Bloomberg, AP)

Threat of Intervention Underpins Dollar

NEW YORK — The dollar rose against the Deutsche mark and the yen Monday amid speculation the Group of Seven industrial countries would reaffirm its commitment to shore up the U.S. currency when the group meets this weekend.

The G-7, which includes the United States, Japan, Germany, Britain, France, Italy and Canada, said when it met in April that it would try to bring about an "orderly reversal" of the dollar's slide.

"The dollar has a strong tone as people buy for insurance ahead of the G-7 meet-

ing," said Kevin Weir, currency salesman at ABN-Amro Bank in Chicago. "Everybody is wary of central bank intervention before and after the meeting."

The dollar rose in late trading to 1.4285

The remarks by Otar Issing, the German central bank's chief economist, helped the mark rise against other European currencies.

Mr. Issing said a separate treaty was needed to set conditions for continued membership in a future European monetary union, because sanctions under the current treaty are too weak.

Against other currencies, the dollar rose to 4.9282 French francs from 4.9240. The pound edged higher, to \$1.5897 from \$1.5843.

Monday, Oct. 2

Prices in local currencies. **Tel Aviv**

Amsterdam

Bangkok

Bombay

Brussels

Copenhagen

Jakarta

London

Madrid

Mexico

Milan

Paris

Sao Paulo

Seoul

Tokyo

Vienna

Wellington

Zurich

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EUROPE

National Power To Buy Southern For £2.8 Billion

Bloomberg Business News

LONDON — National Power PLC said Monday it would buy Southern Electric PLC for £2.8 billion (\$4.43 billion) in a deal that would create a utility with the capacity to both generate and distribute power.

National Power, Britain's largest electricity generator, said it would pay for Southern Electric partly by selling three coal-fired power stations.

Such a sale would raise more than £1 billion and possibly ease government antitrust concerns.

The net effect of both transactions would be to lessen National Power's dependence on electricity generation, while giving it a big slice of the electricity-distribution market.

National is offering Southern's stockholders £10.10 per share, plus a special dividend of 185 pence.

Analysts said shareholders were likely to approve the deal, but added that it may face regulatory hurdles.

"It makes sense from National Power's point of view and a full price for the stock," said Matthew Siebert, analyst with ABN Amro Hoare Govett.

Stock in Southern rose 11 percent, to 96 pence on Monday, while National Power shares fell 3 percent, to 504 pence.

The bid follows a string of takeover attempts for Britain's 12 regional electric companies, which were sold to the public in the early 1990s. Analysts say more such bids are likely.

So far, seven of the regional utilities in England and Wales have received bids, including four hostile ones. Eastern Group PLC, the largest, has been acquired by Hanson PLC, and Southern Co., of Atlanta, bought South Western Electricity PLC.

Southern Electric was negotiating in August to take over South Western Electricity, but talks were canceled because of antitrust concerns.

National Power, which generated nearly half of all the electricity in England and Wales in 1991, will generate only about 25 percent after the sale, company executives said.

National Power also plans to sell Southern's 11 percent share in the National Grid, a distribution network jointly owned by the British regional electric companies. Analysts said the Grid could be worth £3.5 billion, so the sale could net about £385 million.

Norweb Awaits New Bid

Norweb PLC said Monday it planned to recommend a £1.72 billion takeover offer from North West Water PLC if a higher offer is not made soon.

Texas Energy Partners PLC, a joint venture between Houston Industries Energy Inc. and CSW International Inc., has said it may raise its slightly lower offer.

The British electricity company advised shareholders not to make a decision yet because another bid could still emerge.

Auditors Flee Legal Risks Partnerships Succumb to Fear of Suits

By Erik Ipsen
International Herald Tribune

LONDON — In the posh confines of the Savoy Hotel, less than a mile from where it was founded 128 years ago, the accounting firm KPMG will announce Tuesday the results of many months of fretting over its future.

Faced with a rising tide of litigation that has engulfed all the Big 6 accounting firms, KPMG is expected to announce that it will shift its partnership structure in favor of incorporating.

With the costs of their legal defense totaling an estimated 8 percent of fee income and with potential legal liabilities running into the billions of pounds, most major British accounting firms are strongly considering replacing partnership structures, which entail unlimited personal liability for the partners, with a corporate structure.

The shift mirrors a trend in the United States, where the legal predicament facing the Big 6 firms is even more dire. In the last year all the U.S. leaders have sought a measure of protection for their partners by reconstituting themselves as limited-liability partnerships.

"If you get sued for £1 million, your firm can still go broke," explained Jim Wadsworth, managing partner at Arthur Andersen & Co. in London. "But it stops the people suing you from going one step further and getting their hands on the partners' personal assets."

In Britain, where all of the Big 6 firms except Arthur Andersen were founded, the concerns are the same as those in America.

The painful difference is that limited-liability partnerships do not exist as an option in Britain, leaving the auditors no refuge short of incorporation.

It is a huge step few wish to take. To many in the industry, incorporation carries two huge drawbacks.

Firstly, it will force them to abandon the partnership structure under which they have prospered — and by turning partners into shareholders could present them with a whopping tax bill, something that accountants especially find unpalatable.

"We have practiced as a partnership for 100 years," said John Roques, senior partner at Touche Ross, "and we still say it is a fine way to do business."

But for many senior accountants the biggest failing of both incorporation and limited-liability partnerships is simply that they accomplish all too little.

"It doesn't go to the heart of the problem," Mr. Wadsworth said. "I might be able to protect my house, but what about protecting the jobs of the 3,500 people who work for me?"

For Nick Land, senior partner at Ernst & Young in London, that question is of more than theoretical concern. Ernst & Young, along with Coopers & Lybrand, is being sued for £3 billion by the liquidators of the failed Bank of Credit & Commerce International.

Mr. Land is little relieved that the suit originally sought \$11 billion from BCCI's allegedly negligent auditors. "I can assure you that we cannot meet a \$3 billion claim, much less one for \$11 billion," he said.

Such spectacular collapses as that of BCCI, of the empire of the late Robert Maxwell and of several large syndicates at the Lloyds of London insurance market have all spawned huge legal actions against their respective auditors.

The problem, the auditors say, is not so much that they might have erred and must pay for it. The problem is that they are being asked to foot the entire bill in cases where all the other parties to a collapse are bankrupt.

Such actions — outgrowths of the system of joint-and-several liability that prevails in both Britain and the United States — pose the greatest threat to the auditors. Incorporation in Britain and limited-liability partnerships in America constitute only a stopgap solution.

On both sides of the Atlantic, accountants are pressing lawmakers to scrap joint and several liability in favor of a system of proportional liability. "If a judge or an arbitrator finds that we deserve 20 percent of the blame we should pay 20 percent of the penalty," Mr. Wadsworth said.

Telefónica Greets Rival With Cut In Charges

Bloomberg Business News

MADRID — Telefónica de España SA, about to face competition in mobile telephone service from the private company Airtel, has responded with a new rate structure that favors nonbusiness users.

Telefónica's Movistar began offering over the weekend a special deal for clients who use their mobile phones only during nonbusiness hours and on weekends.

The basic monthly fee of 2,320 pesetas (\$18.80) is half the usual charge for regular Movistar subscribers.

What they have done is to segment the market more than Airtel has, said Borja Duran, an equities analyst at Deutsche Bank Securities in Madrid.

Starting Tuesday, Airtel is to offer Spain's first private mobile telephone service.

Airtel and Telefónica offer similar monthly, basic installation and per-minute charges.


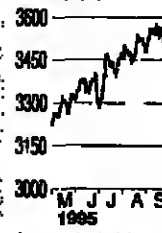
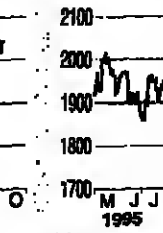
The two companies' regular packages differ on reduced-rate tariffs, in effect during nonbusiness hours or weekends. Clients of the regular Movistar service will pay 20.9 pesetas a minute Saturdays and Sundays, compared with Airtel's 17 pesetas.

Airtel expects to attract 150,000 clients by December and 350,000 by the end of the year.

That compares with the 700,000 clients that Telefónica already has for its analog and digital mobile networks.

The U.S. company AirTouch Communications Inc. owns 15 percent of Airtel, while British Telecom PLC holds 6.31 percent.

Investor's Europe

Frankfurt DAX		London FTSE 100 Index		Paris CAC 40	
					
M J J A S O 1995		M J J A S O 1995		M J J A S O 1995	
Exchange	Index		Monday Close	Prev. Close	% Change
Amsterdam	EOE		465.12	466.28	-0.24
Braunschweig	Stock Exchange		7,691.02	7,671.95	+0.12
Frankfurt	DAX		2,255.02	2,187.04	+0.82
Geneva	Stock Market		363.70	362.60	+0.11
Hofstadt	HEX Germany		2,191.93	2,186.67	+0.23
Oslo	OSX		414.69	414.34	+0.13
London	FTSE 100		3,750.20	3,508.20	+0.34
Munich	Stock Exchange		364.98	365.94	-0.47
Milano	MBITEL		9,425.00	9,911.00	-0.57
Paris	CAC 40		1,780.71	1,788.35	-0.43
Stockholm	SM 30		2,016.42	2,032.66	-0.70
Vienne	ATX		976.44	977.59	-0.12
Zurich	SPI		1,979.92	1,988.95	+0.66

Source: Telekurs

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NYSE

Monday's 4 p.m. Close
Nasdaq prices, not reflecting late trades elsewhere.
The Associated Press.

Symbol	Price	Change
IBM	125.00	+1.00
Microsoft	100.00	+2.00
Apple	75.00	+1.00
Oracle	60.00	+1.00
Sun	50.00	+1.00
HP	40.00	+1.00
Intel	30.00	+1.00
Motorola	20.00	+1.00
Comcast	10.00	+1.00
Verizon	5.00	+1.00

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The Associated Press.

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ASIA/PACIFIC

Osaka Asks Simex Why It Relaxed Nikkei Trading

Bloomberg Business News

OSAKA — The Osaka Stock Exchange has asked its competitor in Singapore to explain why it has eased rules on trading futures on the Nikkei 225 Stock Average, a move that could hurt Osaka's bottom line and increase the volatility of Japan's markets more volatile.

Eight months after the British bank Barings collapsed under losses from futures on the Singapore Monetary Exchange, the Singapore Exchange has increased the amount that the contracts are allowed to rise or fall in one day. The exchange has also extended trading hours for the Nikkei futures.

"After the Barings incident, we thought it would be better to increase restrictions, but they are loosening," said an official at the Osaka Stock Exchange, who also lists Nikkei contracts. He said the Osaka exchange had contacted Singapore to ask why it was easing restrictions.

Simex said it had eased its rules to match the ones it has on futures contracts on the recently established Nikkei 300 index, said Maureen Goh, a Simex spokeswoman. Simex contacted the Osaka exchange about the changes, she said.

The 225 stock index measures blue-chip shares weighted by price, while the Nikkei 300 is a capitalization-weighted measure.

Lighter restrictions likely will attract investors away from Osaka to Singapore and loosen Japanese regulators' grip on the markets here.

The Osaka and Singapore markets are open at the same times, so they compete for investors. Nikkei futures traders said business was moving to Singapore, where there are less restrictions and lower fees.

Even so, trading of Nikkei futures was up 16 percent in both Osaka and Singapore in the six months to Sept. 30, the Osaka Stock Exchange said.

Now Simex will get a jump on Osaka. The exchange said it would open trading of Nikkei futures five minutes earlier, at

7:55 A.M. Singapore time, which is 8:55 A.M. in Osaka.

Trading will also be free. The price of Singapore Nikkei futures is frozen for 15 minutes after rising or falling 7.5 percent. Until last week, they were only allowed to move 5 percent before they locked up.

After the 15-minute break, prices can move as much as 12.5 percent from the previous day's close before trading is halted again trading. Before easing of the restrictions, they could only move 10 percent in a day.

"We thought even 10 percent was too much, and now they have increased that number," said the official, who asked not to be identified.

In Osaka prices are frozen after the Nikkei futures move more than 1,000 yen (\$10) in a day. With the Nikkei trading at about 18,000, such a swing would represent a 5.6 percent move.

The large difference in the amount a contract is allowed to move means that on days with huge price swings, prices in Osaka could be frozen while they are still moving in Singapore. That would lead some investors to trade in Singapore.

Japanese Stocks Slip
Stocks dropped to their lowest level in a week, led by property shares, as investors expressed their disappointment that the government economic stimulus package revealed last week contained few specifics.

Bloomberg Business News reported Monday from Tokyo.

"People were waiting for some further measures in the government stimulus package, perhaps on tax cuts," said Simon Ross, an institutional salesman at Schroder Securities in Tokyo. "But that obviously didn't happen."

After rising as high as 17,950.18, the Nikkei 225 stock average dropped 173.22 points, or 1 percent, to 17,776.96.

The Nikkei 300 index dropped 3.27 points, or 1 percent, to 266.45.

Horse Breeders Hear Hoofbeats Foreign Thoroughbreds Make Tracks for Japan

By Edmund L. Andrews
New York Times Service

MOMETSU, Japan — The cool grass paddocks and tidy stables go on for mile after mile on Japan's northern island of Hokkaido, home to this hypercrowded country's most unlikely industry: horse breeding.

The bucolic landscape, however, masks a frantic economic struggle over foreign trade and Japan's national passion for horse racing. After decades of protectionism, Japan is cautiously opening its racetracks — and a good chunk of the \$1 billion in annual prize money they hand out — to foreign thoroughbreds.

But the idea has the breeders at the region's 1,500 family farms, which produce about 10,000 horses a year, in a state of panic. They huntily admit their horses are no match for the faster imports from the United States, Australia and Europe.

"We just can't compete," complained Kazuaki Takayama, owner of a tiny farm that breeds about six stallions and mares a year. "If foreign horses are allowed in too quickly, we will be swept out of all the top races, and we won't be able to stay in business."

This might be another tale of a once-coddled national industry's fight to survive in the global marketplace, except for one thing: Japan is a horse-crazy country, and political loyalties are divided.

Total bets placed in Japan amounted to \$38 billion last year, far more than in any other country and four times the amount bet in the United States. Japan's \$1 billion in total purse money also exceeds that of

any other country. When a typhoon brushed by Tokyo last month, 46,000 people still turned up at the track there.

Japan is also the only country with a satellite television network devoted entirely to broadcasting horse races. The country has more than a dozen daily newspapers devoted to racing results.

Besides the hundreds of off-track betting parlors, many people here have accounts with a telephone service called WINS and place bets by pressing buttons on the phone dial. Promoters are even experimenting with using automated teller machines in convenience stores for the same purpose.

The upshot is that millions of people have an interest in the debate on foreign horses, and many people want to see more of them. Japan has a well-founded reputation for fighting imports of everything from rice to auto parts, but the real pressure to open up this market has not come from foreign governments as much as it has from racing promoters and horse owners within Japan.

"People say this is all because of foreign pressure, but it is really because we wanted to bring the level of Japanese horse racing up to world standards," said Norio Sakai, a spokesman for the Japan Racing Association, the agency that both regulates and promotes horse racing in Japan. "If we introduce foreign breeds, we can hold more exciting races for our fans. It doesn't make sense to keep the market closed forever while much faster horses are competing around the world."

It would be hard to find an industry more incongruous in Japan than thoroughbred farming. The soil is high in acid and low in calcium, making it difficult to

grow the mineral-rich grasses that horses thrive on; the land is exorbitantly expensive, and the horses are slow by international standards.

But the breeders have prospered ever since World War II, largely because foreign horses were excluded from about 85 percent of the 3,400 national races sponsored by the Japan Racing Association.

Then three years ago the association announced plans to let foreign horses that had not raced in other countries compete in 55 percent of the races by 1995.

Though the original schedule has now been stretched to 1999, about 47 percent of the 3,400 races have been opened up at least partly over the last three years.

Breeders say the mere threat of competition has already had a big impact. Takashi Sasaki, who produces about 16 horses a year, estimates the top price for a stallion has fallen to about \$250,000 from more than \$500,000 in 1991, while the average price for a mare has dropped to \$60,000 from about \$100,000.

Meanwhile Japanese owners imported as many as 500 horses in 1995 — the first trickle in what is expected to be an expanding flow from the United States and Europe. There are still a number of trade barriers, including a tariff on imported horses and restrictions in many races on the number of foreign-bred animals that can compete.

But buyers are clearly looking outward. "There's no animosity by the owners — it's just a simple calculation of price," Mr. Sasaki said. "We used to set up the price by figuring our costs and a profit and presenting it to the owners. But now people are saying they would rather go to the United States to buy."

Shiseido Admits Antimonopoly Breach

Bloomberg Business News

TOKYO — Shiseido Co., in a move highlighting the weakening control Japanese manufacturers have over distributors, accepted on Monday a ruling that it violated Japan's antimonopoly law by preventing retailers from discounting its products, the company said.

The company abruptly dropped its appeal of a June ruling by the Fair Trade Commission just three days before hearings were to start, its president calling the pricing policy "partly mistaken."

President Yoshiharu Fukuhara said Shiseido was not fully aware of the changes in Japan's consumers, who have become val-

ue-conscious thanks to a weak economy and a wave of cheap imports.

"Based on this reflection, we are embarking on a new marketing strategy with our utmost energy," the company said in a five-page statement.

Shiseido, which holds nearly 30 percent of Japan's 1.3 trillion yen (\$13.12 billion) cosmetics industry, said it would try to allow retailers to set their own prices. Although this has always been the company's formal policy, it conceded it pressured retailers behind the scenes to keep prices high.

Shiseido did not say whether it would renew ties with the discounter Kawachiya

Co., which filed the initial complaint against Shiseido two years ago. The two companies are still embroiled in a breach-of-contract court case.

The FTC ruled on June 21 that Shiseido blocked two major retailers and 19 consumers' cooperatives from cutting prices on its cosmetics in violation of the antimonopoly law.

Shiseido has two categories of products: those that consumers can buy off the shelf and those that require consultation from a trained Shiseido representative, which are generally more expensive. Retailers will be allowed to set the price of both kinds, Shiseido said.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	2300	20000
5500	2200	18000
5000	2100	16000
4500	2000	14000
4000	1900	12000
3500	1800	10000
3000	1700	8000
2500	1600	6000
2000	1500	4000
1500	1400	2000
1000	1300	1000
500	1200	500
0	1100	0
1995	1995	1995
Exchange	Index	Monday Close
Hong Kong	Hang Seng	9,724.98
Singapore	Straits Times	2,120.19
Sydney	All Ordinaries	2,137.70
Tokyo	Nikkei 225	17,913.66
Kuala Lumpur	Composite	984.12
Bangkok	SET	1,289.96
Seoul	Composite Index	975.79
Taipei	Stock Market Index	5,045.62
Manila	PSE	2,629.21
Jakarta	Composite Index	490.56
Wellington	NZSE-40	2,167.43
Bombay	Sensitive Index	3,495.18
Source: Telokura		International Herald Tribune

Very briefly:

Moody's Investors Service Inc. lowered its financial strength ratings on Dai-ichi Mutual Life Insurance Co., Meiji Mutual Life Insurance Co. and Sumitomo Life Insurance Co., citing expectations that profits would be squeezed by asset deflation and low interest rates.

Japanese banks will probably decide to close seven indebted mortgage affiliates, an official of a task force looking for solutions to the banking industry's loan problems said.

Telecom Corp. of New Zealand is delaying its purchase of a 25 percent stake in the pay-television operator Sky Network Television Ltd. because of a legal challenge; the country's High Court last week set aside the antitrust regulator's approval of the purchase until Dec. 15.

Malaysia's economy will grow more than 9 percent in 1995, the central bank's adviser, Zeti Aziz, said, raising the forecast from the 8.9 percent that Bank Negara projected in March.

Fluor Corp. of the United States set up a subsidiary, Fluor Daniel Indonesia, that it expects will account for half of its Asia-Pacific business within five years.

Ashton Mining Ltd. threatened to stop selling its diamonds through the London-based Central Selling Organisation next year unless the diamond cartel changed the practice of cutting prices and deferring purchases that it has pursued the past three years.

South Korea's electronics industry had output of 22 trillion won (\$28.64 billion) in the first half of 1995, a 30 percent increase from a year earlier, the industry association said.

Apple Japan Inc. launched a program, Apple Publishing Partner, to spur sales of computers and services in Japan's desktop publishing market by authorizing about 500 retail outlets to provide customer support.

Ho Chi Minh City got its first English-language daily newspaper since the Vietnam War when the Saigon Times Daily started publication Monday.

Bloomberg, Reuters, AFP

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SPORTS

Jaguars Snare Oilers on Late TD

In Houston, Expansion Team Gets Its First Victory

The Associated Press

On a day when two undefeated teams lost and three starting quarterbacks were knocked out, the expansion Jacksonville Jaguars hit the Houston Oilers with the hardest blow of all.

Though the Oilers were the worst team in the National Football League last season, they will forever be known as the first team to lose to the Jaguars.

Desmond Howard caught a 15-yard

NFL ROUNDUP

touchdown pass from backup Mark Brunell with 1:03 to play and Mike Hollis added the winning extra point to give Jacksonville a 17-16 victory over the Oilers on Sunday in Houston.

"It's the first win in our history, it's huge," said the Jaguars' coach, Tom Coughlin. "It's a great feeling. There is a lot of emotion flowing out of this locker room at this moment. It's one win, and we don't have to worry about that any more."

The Jaguars took a 10-0 lead, but fell behind 16-10 before Darren Carrington recovered Rodney Thomas's fumble at the Houston 45 with 2:27 left to start the winning touchdown drive.

They still had to wait and watch as Al Del Greco missed a 52-yard field goal as time expired.

Steelers 31, Chargers 16: In a rematch of last season's AFC championship game, Pittsburgh bolted to a 25-point first-half on the strength of interception returns for TDs by Willie Williams and Alford Mays. Vis-

iting San Diego's Stan Humphries threw a career-high four interceptions.

49ers 20, Giants 6: San Francisco didn't steamroll New York on the scoreboard, but the 49ers pounded the visiting Giants on the field. New York's Rodney Hampton, coming off a four-touchdown, 149-yard performance last week, was held to 27 yards on 11 carries before breaking his right hand as the 49ers rebounded from last week's upset loss to Detroit.

Falcons 30, Patriots 17: Morten Andersen kicked two of his five field goals in the final 9:42 as host Atlanta beat the Drew Bledsoe-less Patriots.

New England got its first touchdown pass of the season by backup Scott Zolak. Zolak also engineered the first TD drives for the Patriots since the season opener.

Chiefs 24, Cardinals 3: After a fake handoff to Marcus Allen fooled the Arizona defense, Kansas City quarterback Steve Bono took off on the longest scoring run by a quarterback in NFL history, a 76-yard sprint.

While Allen was being wrestled down, Bono circled to his right and ran, in apparent disbelief, untouched along the side line to give the visiting Chiefs a 7-0 lead.

Seahawks 27, Broncos 10: Chris Warren scored three touchdowns on short runs and rushed for 115 yards as Seattle built a 17-0 lead and ended a five-game losing streak against visiting Denver.

Raiders 47, Jets 10: In East Rutherford, New Jersey, Jeff Hostetler threw three of his four touchdown passes in the first half as Oakland took a 31-3 halftime lead.

In earlier games, reported Monday in some editions:

Redskins 27, Cowboys 23: In Washington, Dallas quarterback Troy Aikman's departure due to injury led to the Cowboys' first loss. Aikman left with a strained calf muscle on the first possession and is expected to miss 2-3 weeks.

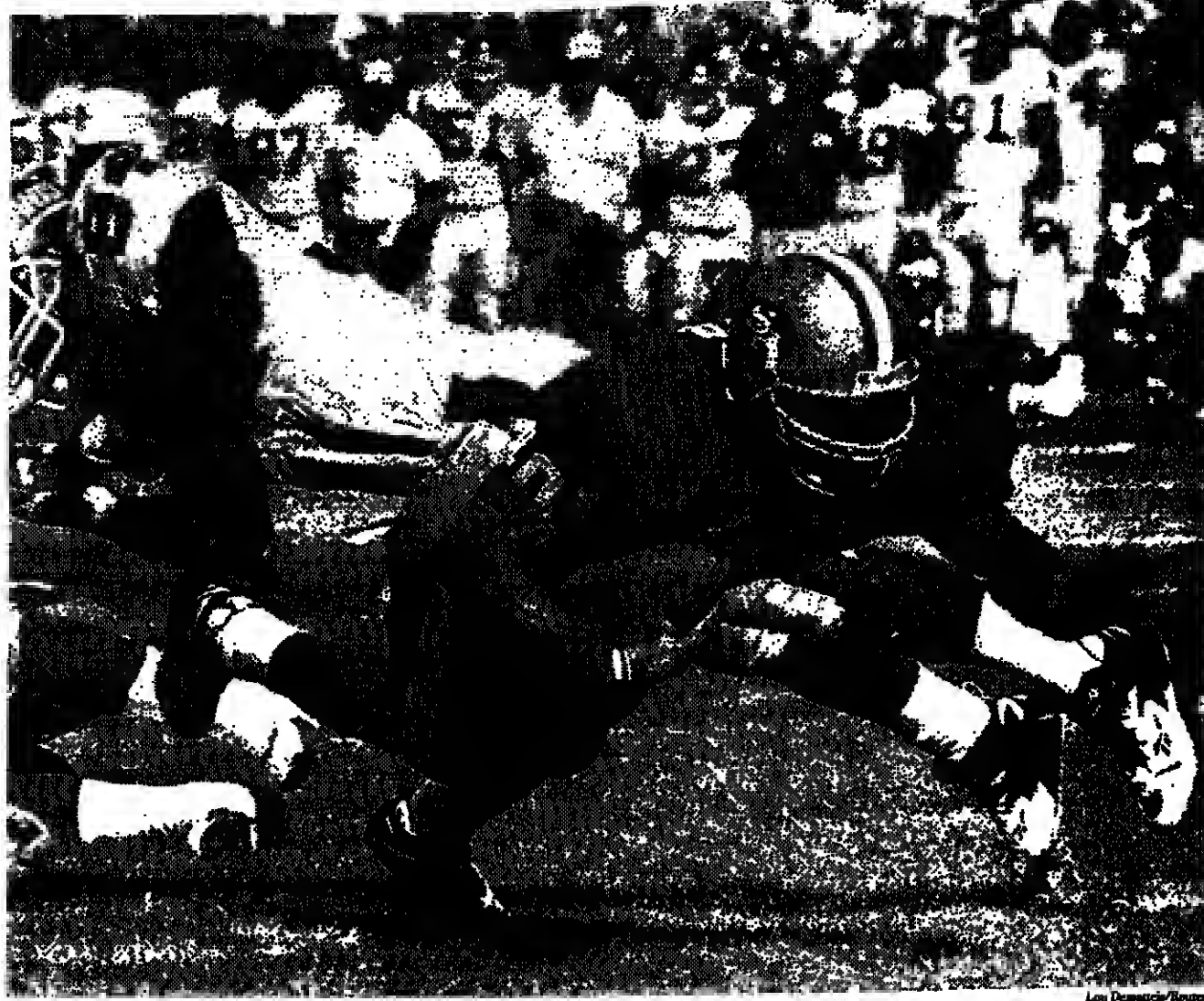
Wade Wilson, Aikman's replacement, played well, but the Cowboys had trouble containing Terry Allen, who rushed for 121 yards and two touchdowns on 30 carries for Washington. Earnest Smith failed to rush for 100 yards for the first time this season.

Colts 21, Rams 18: The Rams' first three turnovers of the season led to their first loss as Marshall Faulk rushed for 177 yards in Indianapolis.

The Rams, whose four victories to start the season were as many as they had all last year in Los Angeles, lost the ball on two interceptions and a fumble.

Eagles 15, Saints 10: In his first start in place of Randall Cunningham, Rodney Peete directed the Eagles to five field goals by Gary Anderson. Anderson hit field goals of 20, 43, 36, 37 and 42 yards in New Orleans. Jim Everett was sacked three times, including Mike Mamula's hit in the third quarter that sidelined him with a sprained ankle.

Dolphins 26, Bengals 23: Miami remained the league's only undefeated team as Dan Marino threw for 450 yards — the fourth-highest total of his career — and Don Shula extended his record as the NFL's winningest coach with his 342nd victory, this time against his son David in Cincinnati.



The 49ers' William Floyd plunging into the end zone for a second-quarter score against New York in San Francisco.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

Team	W	L	Pct.	GB
Boston	56	50	.527	—
New York	52	54	.489	4
Baltimore	51	55	.479	5
Detroit	50	56	.471	6
Toronto	48	58	.449	8

Central Division

Team	W	L	Pct.	GB
Cleveland	100	44	.694	—
Kansas City	70	74	.486	30
Chicago	68	76	.472	32
Minnesota	66	78	.458	34
St. Louis	64	80	.444	36

West Division

Team	W	L	Pct.	GB
California	78	66	.542	—
Seattle	76	68	.526	2
Texas	74	70	.514	4
Oakland	62	72	.463	11

NATIONAL LEAGUE

East Division

Team	W	L	Pct.	GB
Atlanta	69	55	.558	—
New York	68	56	.549	1
Philadelphia	67	57	.541	2
Florida	66	58	.532	3
Montreal	65	59	.521	4

Central Division

Team	W	L	Pct.	GB
St. Louis	73	51	.589	—
Chicago	72	52	.580	1
San Diego	71	53	.571	2
Los Angeles	69	55	.558	4
Pittsburgh	68	56	.549	5

West Division

Team	W	L	Pct.	GB
Los Angeles	77	67	.534	—
San Francisco	76	68	.526	1
San Diego	75	69	.519	2
Colorado	74	70	.514	3
Arizona	73	71	.509	4

Sunday's Line Scores

AMERICAN LEAGUE

Team	Score	Opponent	Score
Detroit	9-2	Baltimore	2-9
Baltimore	9-2	Detroit	2-9
Southern	6-1	Philadelphia	1-6
Philadelphia	6-1	Southern	1-6
Atlanta	6-1	Montreal	1-6
Montreal	6-1	Atlanta	1-6
Los Angeles	9-2	San Francisco	2-9
San Francisco	9-2	Los Angeles	2-9
Cleveland	9-2	Minnesota	2-9
Minnesota	9-2	Cleveland	2-9
St. Louis	9-2	Chicago	2-9
Chicago	9-2	St. Louis	2-9
San Diego	9-2	Los Angeles	2-9
Los Angeles	9-2	San Diego	2-9
Pittsburgh	9-2	Philadelphia	2-9
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Detroit	9-2	Baltimore	2-9
Baltimore	9-2	Detroit	2-9
Southern	6-1	Philadelphia	1-6
Philadelphia	6-1	Southern	1-6
Atlanta	6-1	Montreal	1-6
Montreal	6-1	Atlanta	1-6
Los Angeles	9-2	San Francisco	2-9
San Francisco	9-2	Los Angeles	2-9
Cleveland	9-2	Minnesota	2-9
Minnesota	9-2	Cleveland	2-9
St. Louis	9-2	Chicago	2-9
Chicago	9-2	St. Louis	2-9
San Diego	9-2	Los Angeles	2-9
Los Angeles	9-2	San Diego	2-9
Pittsburgh	9-2	Philadelphia	2-9
Philadelphia	9-2	Pittsburgh	2-9

NATIONAL LEAGUE

Team	Score	Opponent	Score
Atlanta	9-2	Montreal	2-9
Montreal	9-2	Atlanta	2-9
Los Angeles	9-2	San Francisco	2-9
San Francisco	9-2	Los Angeles	2-9
Cleveland	9-2	Minnesota	2-9
Minnesota	9-2	Cleveland	2-9
St. Louis	9-2	Chicago	2-9
Chicago	9-2	St. Louis	2-9
San Diego	9-2	Los Angeles	2-9
Los Angeles	9-2	San Diego	2-9
Pittsburgh	9-2	Philadelphia	2-9
Philadelphia	9-2	Pittsburgh	2-9

Sunday's Line Scores

AMERICAN LEAGUE

Team	Score	Opponent	Score
Detroit	9-2	Baltimore	2-9
Baltimore	9-2	Detroit	2-9
Southern	6-1	Philadelphia	1-6
Philadelphia	6-1	Southern	1-6
Atlanta	6-1	Montreal	1-6
Montreal	6-1	Atlanta	1-6
Los Angeles	9-2	San Francisco	2-9
San Francisco	9-2	Los Angeles	2-9
Cleveland	9-2	Minnesota	2-9
Minnesota	9-2	Cleveland	2-9
St. Louis	9-2	Chicago	2-9
Chicago	9-2	St. Louis	2-9
San Diego	9-2	Los Angeles	2-9
Los Angeles	9-2	San Diego	2-9
Pittsburgh	9-2	Philadelphia	2-9
Philadelphia	9-2		



Herald Tribune SPORTS

TUESDAY, OCTOBER 3, 1995



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Olympic 'Dream' For NHL Puts an End to 'Miracles'

By Ian Thomsen
International Herald Tribune

Basing its plan on the success of the American basketball "Dream Teams," the National Hockey League will shut down for 16 days in midseason in order to allow the world's best players to perform in the 1998 Winter Olympics in Nagano, Japan, the league announced Monday in New York.

The agreement was struck less than a year after the NHL, flagship to the world's fastest team sport, was threatened by a radical labor stoppage. It seems that the idea of conquering the world turned enemies into allies. The NHL players and owners further agreed to avoid new labor negotiations for at least five years, so as to not risk damaging any goodwill from their first participation in the Olympic tournament.

The players and owners also revealed sketchy plans to convert the Canada Cup into a World Cup next August. Although the tournament will be based in North America, both sides suggested that some games would be held in Europe.

"Like it is in a hockey game, we each had to fight for something," said René Fasel, president of the International Ice Hockey Federation, whose amateur federation has repaired its tenuous relationship with the NHL.

"There were different problems about money, personal interest, national interest," he said. "But for the future of ice hockey we all agreed, and in the next four to five years you will see ice hockey will be a very big sport all over the world."

Basketball realized huge gains internationally when Magic Johnson, Michael Jordan and Larry Bird led the first Dream Team of American professionals to the 1992 Summer Olympics in Barcelona. That was essentially an exhibition, a world-wide premiere of Hollywood stars opening huge, new markets to basketball, with the National Basketball Association sweeping in the profits.

While the NHL won't benefit from such a windfall—one of its players can match the global celebrity of the NBA stars—the competition should put hockey in its best light. It won't be lopsided. The stars will be spread across the NHL's largest contributors: Canada, the United States, Russia, Sweden, Finland and the Czech Republic.

"This is going to be a dream tournament because it isn't one team," said the NHL commissioner, Gary Bettman, a protégé of the NBA commissioner, David Stern, who had been negotiating these terms for two years. "There are going to be many teams stocked with the best players from our league."

In America, whose TV dollars provide the bulk of revenue for the Olympic movement, the change might be seen as the death of the Olympics' most

romantic ideal. Unless the NHL plan collapses unforseeably, there will never be another "Miracle on Ice," the legendary 1980 victory by upstart American amateurs against Soviet professionals.

"In 1980, we had a miracle in Lake Placid," conceded Walter Bush, president of USA Hockey. "I'm sorry to say, under the conditions that have developed in recent years, it would probably be never before another miracle like that would occur."

Of course, an upset of such national meaning was never going to be recreated after the end of the Cold War and the breakup of the Soviet Union. Hard to believe, but the 1980 Olympic hockey tournament did little to help the professional game in North America. The public never saw a correlation.

In the meantime, hockey continued to improve elsewhere in Europe. The collapse of the Soviet bloc freed dozens of players to move to the NHL on relatively cheap transfers, to the point that the proportion of non-North Americans in the league rivals that of Americans. It has also given the NHL a newfound vision for marketing the game—and itself—throughout the world by the sale of TV rights, videos and merchandise to new international markets.

The IIHF has acceded its powers, much as the international basketball federation did in Barcelona, in order to profit on the North American coasts. The IIHF's annual World Championships will continue to be a minor event, dependent on those few NHL players who miss the playoffs.

The NHL and NHLPA apparently laid out the terms of the Olympic tournament in order to protect its players. The NHL season will pause Feb. 3, 1998, and resume Feb. 25. The majority of non-Olympic players will attend a mini-camp in the second week to remain in shape.

The stars will arrive in Nagano four days before the hockey games begin on Feb. 13. The six leading countries will be seeded and will play in the second week, joined by the two winners of an eight-team qualifying round from the first week. As soon as a team is eliminated, its NHL players will return to North America. The finals are scheduled for Feb. 22.

The IIHF reportedly will pay insurance costs for all NHL players in Nagano, and will pay for their first-class travel, plus board and lodgings for one guest per NHL player. The NHL still plans a full 82-game season in 1997-98, with abbreviated preseason training.

"Our goal is to make this a long-term perpetual relationship," Bettman said.

"Obviously we have to make sure it works," the commissioner added, "but we're in this for the long haul."



ELITE LEAP — Bernhard Langer won not only the European Open, but also a spot in the World Match Play Championship, whose 12-man field was set Monday.

SIDELINES

Mansell Rules Out Retirement

LONDON (AFP) — Nigel Mansell ruled out any retirement from automobile racing on Monday and left the door open for an IndyCar or Formula One comeback.

Mansell, a former Formula One world champion and winner of the IndyCar circuit, has been a spectator this season after his early problems with McLaren. But Mansell, 41, talking at the launch of his autobiography in London, said he was ready to return next season.

"We are going to make a decision within the next two or three weeks whether or not we accept a full time drive in 1996," he said. "I won't be there making the numbers up in whatever I do, whether it's the other side of the Atlantic or in a Formula One."

Mansell is the only man to win the Formula One and IndyCar titles in successive seasons.

Record Number Enter '98 Cup

ZURICH (AP) — A record number of teams have submitted entries for the 1998 World Cup in France, the world governing body of soccer said Monday.

FIFA said more than 150 national associations had entered teams by Saturday's deadline, although the exact number was unclear because some entry forms had yet to be received. The previous high was 144 in the 1994 World Cup in the United States.

In Frankfurt on Monday, FIFA's general secretary, Sepp Blatter, said the governing body was considering a 16-club international summer league that could begin playing after the 1998 World Cup.

In an interview with Germany's ARD television network, Blatter said the club league would be "like a small world championship for clubs" and would be played mainly in North America, Asia and Africa, where soccer is still in development stages and where the market is not over-saturated.

Cantona Set For United's Cup Match

Compiled by Our Staff From Dispatches

LONDON — Eric Cantona is set to play at York on Tuesday, just two days after his successful return for Manchester United following an eight-month ban.

The decision by United's manager, Alex Ferguson, to field the 29-year-old Frenchman in the English League Cup second round, second leg match implied he was taking the lesser soccer cup competition seriously — despite having lost the first leg 3-0.

Cantona, banned for a kung-fu kick at a Crystal Palace fan in January, created one goal and scored another in the 2-2 draw against Liverpool on Sunday.

Ferguson had said earlier Monday that Cantona was tired, hinting that he would miss the York fixture. But Ferguson had a change of heart later in the day.

"There is every chance that Eric will start the game," he said. "We will see how he is and we will have a better idea in the morning."

The British press praised Cantona after his return.

"General de Gaulle is Back" trumpeted the tabloid Daily Star as Cantona's return made it to the front as well as the back pages in the British papers.

"Words like 'genius,' 'magic' and 'stunning' were alongside pictures of Cantona celebrating his goal in typically flamboyant style, climbing up a support pole behind the Liverpool net and shouting to the jubilant United fans. (AFP, AP)

Angels' Victory Sets Up A Playoff With Mariners

The Associated Press

On a day when there were three teams fighting for American League playoff spots, the only pennant-like celebration took place outside the United States.

The New York Yankees were the only team to wrap up a postseason berth, beating the

Mike Pagliarulo and Benji Gil had run-scoring hits in the fourth and Juan Gonzalez had a two-run double in the fifth as the Rangers opened a 7-1 lead.

The victory went to Kenny Rogers, who started on three days' rest and allowed three runs on five hits and two walks in six innings.

Angels 8, Athletics 2: At Anaheim Stadium, Chuck Finley delivered his second "must-win" victory of the week. The left-hander, who shut out Seattle on Wednesday night to reduce the Angels' deficit to two games, allowed four hits in 7 1/3 innings and struck out nine.

Jim Edmonds had four hits, drove in three runs and scored three times.

"We never felt we were done," said the Angels' J.T. Snow. "We kept persevering. We knew our chances were thinning, but we were focused enough to just keep driving as long as it mattered."

White Sox 2, Twins 1: In Chicago, Frank Thomas became the first player to hit 300 with 20 homers, 100 RBIs, 100 walks and 100 runs in five straight seasons.

In earlier games, reported Monday in some editions:

Yankees 6, Blue Jays 1: New York completed a three-game sweep, won for the 11th time in 12 games and posted their 12th straight victory over Toronto.

The Yankees opened a 4-0 lead after two innings and later got solo homers from Mattingly and Randy Velarde. Sterling Hitchcock combined with four relievers on a seven-hitter.

New York won 22 of its last 28 to overcome a 5 1/2-game

deficit in the wild-card race.

Indians 17, Royals 7: Playing before the 52d straight sell-out crowd at Jacobs Field, Cleveland scored its most runs in a single game this season and reached 100 victories for only the second time in franchise history. The Indians also won the AL Central over the second-place Royals by 30 games, the largest margin in history.

Orioles 4, Tigers 0: In Baltimore, Mike Mussina pitched the Orioles' fifth straight shutout to finish as the AL's victories leader. It was the last game as Tigers manager for Sparky Anderson, who announced his resignation Monday.

Brewers 8, Red Sox 1: In Milwaukee, the Brewers won for just the seventh time in their last 32 games after pulling within a half-game of the wild-card lead on Aug. 27.

Anderson Leaves Tigers

The Associated Press

DETROIT — Sparky Anderson, manager of the Detroit Tigers, resigned Monday after leading the team for 17 years.

Anderson, appearing at a news conference wearing a dark suit and bright tie instead of his customary Detroit uniform, spent six or seven minutes thanking everyone from fans to vendors to owners for making his stay in Detroit a good one.

"I knew it was time," he said. "This city has to change, and it must change with someone else."

Anderson said the Detroit ride had been fun, especially the AL East championship team of 1987.

"The best moment for me was 1987," he said. "We won 98 games. How? I don't know how."

The Tigers' president, John McHale, called Anderson "one of a handful of the greatest managers in baseball history."

"He leaves today as he came: his own man," McHale said. "Cherish him, remember him. We will not see his like again."

Anderson, 61, said he would wait at least 30 days to look at his options for the future. He said he hoped to be back in a manager's uniform next year.

During his tenure, the Tigers won the World Series championship in 1984 and won the American League East title in 1987. Anderson, who just completed a two-year contract extension worth \$1 million per season, also was on board in 1989 when the Tigers lost 103 games.

Yet, he will be remembered more for the triumphs than for the defeats. Anderson guided the Tigers to more victories than any other manager in the club's history. He compiled a record of 1,331-1,248, 60-84 this season.

Anderson has been a winner almost everywhere he has managed. He led the Cincinnati Reds into the World Series four times, winning in 1975 and 1976, before coming to Detroit.

Rally Puts Rockies Into NL Playoffs

The Associated Press

Just three years after the franchise started play, the Colorado Rockies are in the playoffs.

Colorado rallied from a six-run deficit Sunday, beat San Francisco 10-9 and advanced to a first-round matchup against the Atlanta Braves.

"We knew we weren't out of

trailled 6-0, then went ahead on Tony Eusebio's eighth-inning sacrifice fly at Wrigley Field. Derrick May homered, tripled and singled twice for the Astros, who last reached the NL playoffs in 1986.

Dave Veres pitched two innings of shutout relief. Todd Jones got three outs for his 15th save despite leading the bases in the ninth. He retired pinch-hitter Ozzie Timmons on a pop-up to end the game.

Dodgers 4, Padres 1: Tony Gwynn went 1-for-3 and wrapped up his sixth NL batting title with a .368 average. Mike Busch hit a three-run homer off Brian Williams in the seventh in San Diego. Marlins 8, Phillies 2: Ryan Bowen won for the third time in two years and Florida concluded the season with its club-record 67th victory.

Pirates 10, Cardinals 4: Midre Cummings drove in four runs for visiting Pittsburgh. Rick White won for the first time in five starts.

In earlier games, reported Monday in some editions:

Mets 1, Braves 0: Brad Woodall walked Tim Lincecum with the bases loaded in the 11th inning as New York beat visiting Atlanta and completed a season-ending sweep. The Mets stretched their winning streak to six and tied a club record by winning their 11th consecutive home game.

Reds 5, Expos 1: Tim Lincecum pitched one-hit ball over five innings and Bret Boone hit a three-run homer off Jeff Fassero to lead visiting Cincinnati. Montreal (66-78) had its first losing season since 1991.

NL ROUNDUP

"...said Larry Walker, who hit a two-run homer. 'This is extra special for me, especially because of the strike last year.'"

"With Montreal, we were six games up and had to spend the winter on the golf course instead of celebrating," he added. "This is my first one, and I love it."

Eric Young also hit a two-run homer as Colorado claimed the National League's first wild-card berth. Houston had kept on the pressure, overcoming its own six-run deficit in an 8-7 victory in Chicago. If the Rockies had lost, Houston and Colorado would have had a one-game playoff on Monday.

Cincinnati, the NL Central champion, will start the playoffs on Tuesday in Los Angeles, which clinched the West on Saturday night. The Braves will open up Tuesday night at Coors Field.

"This is a dream come true," said Curtis Leskanen, who pitched the ninth for Colorado and got his 10th save. "You watch it every year as a kid growing up — teams celebrating when they clinch — and now I'm going to uncork some champagne myself."

Astros 8, Cubs 7: Houston

CROSSWORD

ACROSS
1 Compassion
6 Midst "stip"
10 Cord fiber
14 "Without" (1988 film)
15 Word of agreement
16 Pablo's here
17 Treat, as a wound
18 Tubular cluster
19 Feather cluster

20 Anyway
21 Lance a lot in the news
24 "Yod a whopper"
25 One degree of heatness
27 Tranquil
28 Bachelor's last stand?
30 "That's a laugh!"
31 Outfit
32 Parting words from a host
33 Pitcher
34 "as Salasam"
40 "Amores" poet
41 Go along (with)
47 It's south of Scot.
48 Lobster locale
49 Appetizer
50 Ailing
51 "Citizen"
52 Teachers' org.
53 Specialty
54 Words
55 Sandwich filler
56 Holiday offering?
58 Stars: pain: light bulb:
59 Offspring
60 Takes it easy
61 Wilcat
62 Pub order
63 Put an (stop)

4 Steel on the range
5 It precedes 1-2-3
8 Peered
9 "Lucky Jim" author
10 Epsilon follower
11 "Lovely, in music"
12 Stetson, e.g.
13 Outfit
14 Caves
15 Rock climber's spike
16 Place for a shoe
17 Grandson of Abraham
18 With the bow, to a violinist
19 Mail division
20 Ailing
21 "Citizen"
22 Teachers' org.
23 Specialty
24 Words
25 Sandwich filler
26 Holiday offering?
28 Stars: pain: light bulb:
29 Offspring
30 Takes it easy
31 Wilcat
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60 Takes it easy
61 Wilcat
62 Pub order
63 Put an (stop)

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Solution to Puzzle of Oct. 2

ALICE ALBUM HEAL
RAISH CARLO ARNE
TOPOFTHETHEMORNING
REARIS AGINES
SITTEO STAMP
UNHOOK MASTERS
ETE REPEAT ALIA
ODGDAYAFTERNOON
ETUI SATIRE IIE
SONGUEUR STAGES
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High Fashion on Court



Musical Collectibles

LONDON — Luciano Pavarotti's handkerchief, Ringo Starr's drumsticks and the flutist James Galway's penny whistle are among items to be sold Oct. 24 to help raise money for musicians who have fallen on hard times, Phillips auctioneers said Monday.

In my opinion, Agassi is the best-dressed person in the game because he looks just as sharp off the court as on it. That's why he always uses the same barber from Parris Island boot camp. He is full of confidence, and everything he wears drapes elegantly over his frame like a Saudi Arabian tent. The minute I saw him with a kerchief on his head, I understood perfectly what Brooke Shields sees in him.

Under different political and cultural circumstances, American writers and directors might be initiating such works at home. But as culture budgets are slashed in the United States, Germany, which has perhaps

Alice Finds Wonderland in a Hamburg Theater



Hamburg's Thalia Theater will revive "Alice," an "art musical" based on the Lewis Carroll classic.

"It's not at all like the system in America, where you basically have to start from scratch with each produc-

"The Thalia is one of the better theaters in Germany, for example, but I wouldn't say it's an exception," he added. "If you go to Bochum or Kassel or Freiburg or other towns,

As with any work directed by Wilson, the story is not the sole or even the dominant element.

In "Alice," he employs many of

WEATHER

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Legend:

- ☁ Unusually Cloudy
- ☁ Unusually Hot
- ☁ Heavy Rain
- ☁ Heavy Snow

Asia

City	High	Low	Wind	Temp	Low	Wind
Algeria	25/17	16/8	SE	24/17	16/8	SE
Ankara	19/16	12/5	SE	14/57	11/2	SE
Bangkok	32/25	24/18	SE	31/24	23/16	SE
Batavia	24/17	14/67	SE	24/17	16/64	SE
Bombay	23/17	18/4	SE	23/17	18/4	SE
Buenos Aires	21/17	14/57	SE	22/17	14/57	SE
Calcutta	16/54	11/52	SE	17/52	10/50	SE
Chennai	22/17	11/52	SE	17/52	10/50	SE
Dhaka	23/17	11/52	SE	17/52	10/50	SE
Delhi	23/17	11/52	SE	17/52	10/50	SE
Guangzhou	23/17	11/52	SE	17/52	10/50	SE
Hong Kong	23/17	11/52	SE	17/52	10/50	SE
London	15/56	8/48	SE	13/56	8/48	SE
Manila	23/17	11/52	SE	17/52	10/50	SE
Medan	23/17	11/52	SE	17/52	10/50	SE
Osaka	23/17	11/52	SE	17/52	10/50	SE
Seoul	23/17	11/52	SE	17/52	10/50	SE
Singapore	23/17	11/52	SE	17/52	10/50	SE
Taipei	23/17	11/52	SE	17/52	10/50	SE
Tokyo	23/17	11/52	SE	17/52	10/50	SE
Yokohama	23/17	11/52	SE	17/52	10/50	SE

Europe

Hurricane Opal will make landfall along the Gulf coast between New Orleans and Tallahassee. Moisture will surge northward, bringing heavy rain to much of the eastern U.S. Chilly air will stream through the middle of the country. The West Coast will be warm and muggy day.

Europe

London will be windy and showery all weekend, but some drying is likely by the weekend. Paris will have showers and maybe thunderstorms Wednesday and Thursday. A few showers are likely in Spain. Most of Italy will have dry weather, but a few showers will dampen the north.

Asia

After milder landfall southward of Hong Kong, Typhoon Silyu will spread rainfall rains across southern China, North Vietnam and northern Laos. Monsoon showers and thunderstorms will march across Japan while cool, gusty winds sweep through Borneo and Seoul.

Latin America

City	High	Low	Wind	Temp	Low	Wind
Buenos Aires	23/18	14/57	SE	23/18	14/57	SE
Caracas	23/18	14/57	SE	23/18	14/57	SE
Lima	18/16	18/1	SE	19/16	18/1	SE
Managua	23/17	14/57	SE	23/17	14/57	SE
San Salvador	23/17	14/57	SE	23/17	14/57	SE
Santiago	12/53	3/27	SE	13/53	4/29	SE

North America

City	High	Low	Wind	Temp	Low	Wind
Anchorage	54/3	8/28	SE	54/3	8/28	SE
Atlanta	26/17	18/1	SE	26/17	18/1	SE
Boston	71/57	47/1	SE	71/57	47/1	SE
Chicago	18/54	8/4	SE	18/54	8/4	SE
Denver	18/54	8/4	SE	18/54	8/4	SE
Detroit	18/54	8/4	SE	18/54	8/4	SE
Honolulu	32/18	27/1	SE	31/18	27/1	SE
Los Angeles	72/58	57/1	SE	72/58	57/1	SE
San Francisco	52/38	15/1	SE	52/38	15/1	SE
Seattle	52/38	15/1	SE	52/38	15/1	SE
Washington	52/38	15/1	SE	52/38	15/1	SE

Middle East

City	High	Low	Wind	Temp	Low	Wind
Abu Dhabi	37/68	25/17	SE	38/68	25/17	SE
Bahra	27/17	18/4	SE	28/17	18/4	SE
Doha	27/17	18/4	SE	28/17	18/4	SE
Dubai	27/17	18/4	SE	28/17	18/4	SE
Jordan	27/17	18/4	SE	28/17	18/4	SE
Riyadh	37/68	25/17	SE	38/68	25/17	SE

Africa

City	High	Low	Wind	Temp	Low	Wind
Agadez	27/17	18/4	SE	28/17	18/4	SE
Cairo	27/17	18/4	SE	28/17	18/4	SE
Dakar	27/17	18/4	SE	28/17	18/4	SE
Harare	27/17	18/4	SE	28/17	18/4	SE
Lagos	27/17	18/4	SE	28/17	18/4	SE
Nairobi	27/17	18/4	SE	28/17	18/4	SE
Tunis	27/17	18/4	SE	28/17	18/4	SE

Legend:
 ☁ Unusually Cloudy
 ☁ Unusually Hot
 ☁ Heavy Rain
 ☁ Heavy Snow

LEISURE DESTINATIONS

WEDNESDAY							THURSDAY							All forecasts and data provided by AccuWeather, Inc. © 1998	
Europe and Middle East		Weather	High Temp. °C/F	Low Temp. °C/F	Worm Heights (Meters)	Wind Speed (kph)	Europe and Middle East		Weather	High Temp. °C/F	Low Temp. °C/F	Worm Heights (Meters)	Wind Speed (kph)		
Location							Location								
Cannes	partly sunny	23/27	15/59	18/64	1-2	SE 15-20	Cannes	partly sunny	21/27	16/51	18/64	1-2	SW 13-25		
Moscow	clouds	14/57	10/53	15/59	2-3	WSW 35-50	Moscow	clouds	16/23	14/57	17/61	1-2	SW 12-25		
Toronto	sunny	24/25	14/57	21/71	0-1	S 10-30	Toronto	sunny	25/27	14/57	22/71	0-1	S 15-25		
Malaga	partly sunny	28/29	18/64	23/72	1-2	SW 20-30	Malaga	partly sunny	26/27	17/62	22/71	1-2	W 20-35		
Capri	sunny	27/28	18/64	23/72	1-2	SW 20-30	Capri	sunny	26/27	17/62	22/71	1-2	W 20-35		
Paris	partly sunny	25/27	17/62	17/62	1-2	SW 15-30	Paris	partly sunny	26/29	17/62	17/62	1-2	W 18-35		
Prague	sunny	27/30	18/64	24/76	0-1	NE 15-30	Prague	sunny	28/32	18/64	24/76	0-1	NE 12-25		
St. Louis	clouds	26/27	18/64	23/72	1-2	SE 15-20	St. Louis	clouds	26/27	18/64	23/72	1-2	SE 15-20		
Shanghai	showers	15/58	10/50	15/59	2-3	WSW 30-50	Brighton	cloudy	19/31	9/45	14/57	0-1	SW 25-50		
Osaka	rain	14/57	11/52	14/57	2-3	SW 35-50	Osaka	showers	14/57	10/50	14/57	2-3	W 40-60		
Shanghai	showers	14/57	11/52	14/57	2-3	SW 35-50	Shanghai	showers	14/57	10/50	14/57	2-3	WSW 35-50		
Sydney	showers	14/57	11/52	13/55	2-3	S 35-50	Sydney	showers	14/57	11/52	13/55	2-3	SW 35-50		
St. Thomas	sunny	28/29	18/64	23/72	0-1	N 15-25	St. Thomas	sunny	28/28	17/62	18/64	0-1	N 15-25		
Tel Aviv	partly sunny	28/28	21/70	23/77	1-2	N 25-40	Tel Aviv	sunny	29/34	21/70	23/77	1-2	N 20-35		
Caribbean and West Atlantic							Caribbean and West Atlantic								
Location							Location								
Bahamas	partly sunny	31/35	24/75	30/86	2-3	E 30-50	Bahamas	partly sunny	31/35	24/75	30/86	2-3	E 30-50		
Orlando	partly sunny	33/31	24/75	30/86	1-2	ESE 20-40	Orlando	clouds and sun	33/31	24/75	30/86	1-2	ESE 20-40		
St. Thomas	partly sunny	33/31	25/77	32/94	1-2	E 20-40	St. Thomas	clouds and sun	33/31	25/77	32/94	1-2	E 20-40		
Hamilton	partly sunny	33/31	25/77	32/94	1-2	ESE 20-40	Hamilton	clouds and sun	33/31	25/77	32/94	1-2	ESE 20-40		
Asia/Pacific							Asia/Pacific								
Location							Location								
Perang	clouds and sun	31/38	23/73	30/86	0-1	SW 15-25	Perang	showers	32/38	23/73	30/86	0-1	SW 15-25		
Shanghai	showers	33/31	25/77	30/86	1-2	SW 12-22	Shanghai	partly sunny	33/31	25/77	30/86	1-2	SW 12-22		
Paris	partly sunny	33/31	23/73	29/84	0-1	NE 8-12	Paris	partly sunny	33/31	24/75	29/84	0-1	NE 8-12		
Seoul	showers	31/38	23/73	29/84	0-1	NE 12-22	Cebu	clouds and sun	33/31	29/84	33/31	0-1	E 10-20		
San Diego Beach, AZ	showers	31/38	23/73	29/84	0-1	NE 12-22	San Diego Beach, AZ	clouds and sun	33/31	29/84	33/31	0-1	E 10-20		
Bay of Islands, NZ	showers	18/24	12/53	15/59	2-3	NW 30-50	Bay of Islands, NZ	showers	18/24	12/53	15/59	2-3	WNW 30-50		
Shanghai	clouds and sun	31/38	23/73	29/84	0-1	NE 12-22	Shanghai	clouds and sun	31/38	23/73	29/84	0-1	NE 12-22		
Honolulu	clouds and sun	31/38	23/73	29/84	0-1	NE 12-22	Honolulu	clouds and sun	31/38	23/73	29/84	0-1	NE 12-22		

PEOPLE

MICROSOFT chief Bill Gates was pegged the richest man in the United States for the second year in a row, followed by the investor Warren Buffett, according to the Forbes magazine's top 400 list. The list of wealthy Americans shows Gates, 39, co-founder of the software giant, at the top with \$14.8 billion, up over \$5 billion from last year. Buffett was said to be worth \$11.8 billion. Both men were described in the magazine as the wealthiest people in the world who do not belong to a royal family. One up-and-comer on the list is talk show host Oprah Winfrey, who is nearly halfway toward becoming the first black U.S. billionaire with an estimated \$340 million.

Actors Kenneth Branagh and Emma Thompson, dubbed Britain's golden show business couple, said their six-year-old marriage had broken down because their punishing careers meant they had drifted apart. Last month critics guessed all was not well when Branagh was asked whether Thompson would play Juliet in his new film of "Hamlet": "No, she'd cost too much." He added: "I have to make an appointment to see her. She even goes to bed with her Oscar." Asked recently if she and Branagh might have children, she said: "Conception would be tricky. Kenneth is so tired even his sperm's are on crutches."

Elton John says he is going to rework Giuseppe Verdi's classic opera "Aida" into a Walt Disney animation film. He won an Oscar this year for his soundtrack to "The Lion King."

Andre Agassi raised more than \$1 million for five children's charities at a benefit concert he organized at the MGM Grand Garden in Las Vegas that featured Elton John, Robin Williams, Michael Bolton, Wynonna Judd, Kenny G. and Oleta Adams. It opened with a welcome from Agassi's girlfriend, Brooke Shields.

A decade after the first Farm Aid concert, Willie Nelson said at this year's event in Louisville, Kentucky, that more than 500 farmers go out of business each week. The concert attracted a sellout crowd of 50,000 with Hootie and the Blowfish and Blackhawk joining Farm Aid regulars

Antonio Banderas and Melanie Griffith

Lorna Luft, daughter of actress **Judy Garland**, has arrived in Britain to record a Christmas single this week with her mother, who died 26 years ago. She will record her mother's hit "Have Yourself A Merry, Merry Christmas" with a digital computer technique that lifts the original from the 1944 film "Meet Me In St. Louis."

The activism that has often brought Hillary Rodham Clinton criticism landed her an award in memory of Eleanor Roosevelt. The award is given for humanitarian efforts reflecting values of the former first lady and was presented by Kate Roosevelt Whitney, a granddaughter.

Michael Bloomberg, chief of Bloomberg Business News, is making a gift of \$55 million to Johns Hopkins Uni-

versity, his alma mater. The gift is the largest the university has ever received and the 15th largest ever made to a college or university in the United States.

Six out of 10 Britons think Princess Diana and Prince Charles should divorce, according to a poll conducted for the Sunday Express. Of 500 Britons over age 18 polled over the phone, 62 percent said they thought the couple should divorce as soon as possible.

The former home of British writer Lawrence Durrell in Alexandria, Egypt, is in danger of falling prey to property developers. Durrell, who died in 1990, lived there for two years during World War II and architect Mohammad Awad would like to preserve it a cultural center but fears it will be destroyed even before authorities are able to move to protect it. Now walls are peeling and a colony of cats camp amid the debris.

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